



Report of Jayne Beasley, Building Surveyor and Demolitions Manager

Report to Head of Responsive Repairs, Voids, and Disrepair and CPM

Date: 26th April 2019

Subject: Proposed Demolition – Waiver of CPR 9.1 and 9.2 to seek to agree to the joint demolition of the Artemis Warehouse 45/47 Marshall Street/38 Sweet Street Holbeck Leeds LS11 9RZ in conjunction with the adjoining building owned by Oakapple Sweet Street Limited using their Demolition Contractor.

Are specific electoral wards affected? If yes, name(s) of ward(s): City and Hunslet Ward	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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

1. Main issues

- Following communications with the owners of the adjoining property located on the corner of Sweet Street/Siddall Street, Oakapple Sweet Street Limited, and their proposed demolition giving rise to them to submit their Party Wall Notice regarding the wall positioned between the joint properties.
- A site meeting was held between Oakapple Sweet Street Limited and Corporate Property Management who received instructions to demolish 45-47 Marshall Street / 38 Sweet Street which is adjoining Oakapple Sweet Street Limited building. The proposed demolition of the buildings were discussed and it was considered favourable to demolish both buildings under one contract as it would provide financial and timescales benefits to both parties.
- Oakapple Sweet Street Limited have already obtained outline planning consent for residential development and associated basement parking on their land. They have obtained consent on their demolition, i.e. Building Act – Section 80 prior to demolition of their building. They have carried out all relevant surveys and reports appertaining to the demolition, which is scheduled to commence in February and to be completed during April 2019.

- A waiver of the Council Contract Procedure rules 9.1 and 9.2 – high value procurement is therefore required in order to secure the appointment of Oakapple Sweet Street Limited to complete the demolition, utilising their nominated demolition contractor to demolish both properties under one contract.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The regeneration of the South Bank will effectively double the size and economic impact of Leeds City Centre. This contract and work will support this aim.

3. Resource Implications

- Sunconcept Oakapple Renewable Energy Ltd have provided costs for various elements of works and these are outlined the below.
- The resource implication on the Council will be reduced by the use of a contractors to carry out the works required on both their building and the Councils under the same work stream.

Recommendations

The head of Responsive Repairs, Voids, Disrepair and Corporate Property Management is recommended to:

- a) Approve the waiver contracts procedure rule 9.1 and 9.2 – high value procurements and award a contract to SunConcept Oakapple Renewable Energy Ltd in order to complete the demolition of these two buildings under one contract. The following contracts procedure rule :-
Contracts procedure rules no 9.1 and 9.2 – high value procurements.
- b) Award a contract to Sunconcept Oakapple Renewable Energy Ltd in the sum of £212,152.00. The contract shall commence on the 31st May 2019 and expire on the 2nd September 2019.

1. Purpose of this report

- 1.1 The purpose of this report is to seek approval to waiver the contract procurement 9.1 and 9.2 high value procurement and appoint Oakapple Sweet Street Limited to proceed with demolishing both units under their own demolition contract and program.
- 1.2 The proposal is to utilise SunConcept Oakapple Renewable Energy Ltd, already engaged, contractors to carry out the various works appertaining to the full siye investigation works, asbestos survey and removal works and the demolition works to include Artemis Warehouse at 45-47 Marshall Street Holbeck Leeds.

2. Background information

- 2.1 SunConcept Oakapple Renewable Energy Ltd, are already well in advance on their pre-demolition works i.e. planning, surveys, site investigations, tender exercises, service disconnections etc., therefore it is apparent and the most practical way forward for Leeds City Council to utilise their contractors.

- 2.2 SunConcept Oakapple Renewable Energy Ltd have obtained site investigations costs, demolition asbestos survey report costs and demolition costs on behalf of Leeds City Council for the demolition of Artemis Warehouse building. The asbestos removal costs can only be completed when the survey report has been completed highlighting the Asbestos Containing Materials (ACM) and their locations on site.
- 2.3 Although Corporate Property Management have carried out some pre-demolition works on the Artemis Warehouse building i.e. planning, utility mapping survey, ecological surveys and have recently submitted the service disconnection applications, however, we have not yet requested Leeds Building Surveys to provide any costs for asbestos survey report and removals or demolition costs due to the exceptional circumstances of this project, as they would not be in a position to meet the tight timeframe.
- 2.4 No 38 Sweet Street / 45-47 Marshall Street is located in Holbeck in the western part of South Bank in the vicinity of Temple Works a Grade I listed building which features on Historic England's 'building at risk' register. Bringing Temple Works back into use is a priority for the city. The Council are seeking to facilitate the redevelopment of 38 Sweet Street/45-47 Marshall Street is one of a number of Council owned sites in this location which have been ring-fenced to dispose of to the owners of Temple Works as part of a package of support from the Council to help facilitate the restoration and re-use of this important building as well creating a fitting setting for it.
- 2.5 In advance of a legal agreement relating to the disposal of 38 Sweet Street / 45-47 Marshall Street, the site has been vacated and place into Corporate Property Management's Void Management with the buildings being place on the demolition register in February 2018. Co-ordinating demolition with SunConcept Oakapple Renewable Energy Ltd will have a number of benefits:-
- SunConcept Oakapple Renewable Energy Ltd are well in advance on their demolition procedures and are ready to commence with the demolition of their building in September/October.
 - Financial savings regarding Empty Rates, minor utility savings and costs of part wall advice.
 - Rental income of £1000 per month from SunConcept Oakapple Renewable Sweet Street Lts for use of the site as a compound.
 - Avoid the need for SunConcept to site their compound on the highway which would potentially create problems for pedestrians and vehicles on Sweet Street.
 - Avoid potential demolition issues once the SunConcept building is up or construction is underway.
 - Help expedite the redevelopment of the SunConcept site.

3. Main issues

- 3.1 There are five primary reasons for the request for CPR's to be waived in respect of this particular demolition project. The reasons are:
- 3.2 Due to the fact that SunConcept Oakapple Renewable Energy Ltd are well in advance on their pre-demolition process and have various contractors already engaged to carry out works on their site. The most logical and beneficial procedure

was for SunConcept to include Leeds City Council side of the site and demolish the joint buildings at the same time under one contract.

- 3.3 The fact that there is a party wall located between the two buildings which would be an issue and works would have to be carried out if one side of the structure was demolished leaving LCC side standing. Consideration needs to be taken on the fact that if one side is demolished without the other than significant works are required on shoring the remaining wall to Artemis Warehouse which is already scheduled to be demolished.
- 3.4 The reason for contracts procedure rules waiver is for Corporate Property Management to utilise SunConcept contractors to carry out the demolition of Oakapple building together with Leeds City Council's Artemis Warehouse under one main contract. Approval of this would benefit both parties by the nature of costs savings and Artemis Warehouse being demolished at a significantly earlier date than first anticipated. Proposed commencement of the demolition is May 2019 starting with the Oakapple building and working towards the Artemis warehouse building thus completing the demolition in September 2019.
- 3.5 Value for money is gained by the prevention of essential works that would otherwise be required on the party wall once the Oakapple building had been demolished. Time due to the fact that Corporate Property Management would not have to wait for the demolition of the Oakapple site to be completed before commencing on the Artemis warehouse demolition.
- 3.6 The internal service provider was provided with a list of proposed demolition sites requesting costs of 16.06.18 with regards to providing costs for various elements of the pre-demolition works, i.e. asbestos report and removals and demolition costs. Some areas of these works cannot be undertaken until the site has been vacated which in this case was 31.07.18. Contact was made with Leeds Building Services asbestos unit again on 03.08.18 and 06.08.18 with no return contact. Demolition costs have been requested from Leeds Building Services Demolition Section, however, due to staffing issues a new Team Leader with little experience on demolition, etc. Timescales is another issue with the tender exercise timescale and programming.
- 3.7 If these arrangements are not approved then the likely consequences are that:
- 3.8 Corporate Property Management will lose significant time in the demolition programme of Artemis warehouse as the tender exercise and H&S documentation is time consuming.
- 3.9 Corporate Property Management will not be able to programme the demolition of the Artemis warehouse until Oakapple demolition has been fully completed and the works to the exposed party wall unnecessarily undertaken.
- 3.10 Oakapple have contacted Leeds City Council with regards to leasing the Artemis warehouse site to utilise as their site compound for a period of approximately three years.
- 3.11 The delay on Artemis warehouse will have a knock on effect on the Oakapple redevelopment proposals on their site. There may be possibility of losing that contract if there are substantial delays.

4. Advertising

- 4.1 This opportunity has not been advertised for the reasons of urgency identified in this report and to take account of the specific circumstances of this particular program.
- 4.2 Whilst the value of the waiver is significant, the nature of the works required and the need for continuity in service delivery and contracting arrangements means that the appointment of the SunConcept Oakapple Renewable Energy Ltd is essential.
- 4.3 The regeneration of the South Bank will effectively double the size and economic impact of Leeds City Centre, creating a distinctive mixed use district providing over 35,000 jobs and over 8,000 homes. It is one of the largest City Centre regeneration initiatives in Europe and will capture the growth of Leeds City Centre for the coming decades, cementing the city's role as the UK's fastest growing city and driver of the region's and nations economy.

4.4 **Corporate Considerations**

4.5 **Consultation and Engagement**

- 4.5.1 Asset Management's Regeneration Section have informed Corporate Property Management that Councillor Lewis was briefed on 22nd January 2018 and is supportive of the demolition of the buildings, protection of the site and potential interim use as a construction site compound for SunConcept Oakapple Renewable Energy Ltd.
- 4.5.2 Asset Management's Regeneration section have informed Corporate Property Management that following an approach from Oakapple, Martin Farrington confirmed on 14th June 2018 that a joint demolition should be progressed and activities co-ordinated

4.6 **Equality and Diversity / Cohesion and Integration**

- 4.6.1 I understand from my contact with SunConcept Oakapple Renewable Energy Ltd Project Manager that the various involved in the demolition of these buildings have been tendered to several contractors. SunConcept Oakapple Renewable Energy Ltd contacted seven contractors for the Demolition Asbestos Survey and report and a total of five Demolition works. This was carried out to provide equality and diversity/cohesion and integration of the overall project.
- 4.6.2 The delivery of these essential works have been identified to meet the CDM Regulations as required in demolition and will be monitored throughout the contract period by both Corporate Property Management and Oakapple.

Climate Emergency

- 4.6.3 At Full Council on 27th March 2019, Leeds City Council passed a motion declaring a Climate Emergency. In addition, the Leeds Climate Commission have proposed a series of science based carbon reduction targets for the City so that Leeds can play its part in keeping global average surface temperatures increases to no more than 1.5c.
- 4.6.4 The proposed contract would not have a negative or positive impact on the environment, however sustainable waste management plans will form part of the demolition contract.

4.7 Council policies and best council plan

4.7.1 The regeneration of the South Bank will effectively double size and economic impact of Leeds City Centre, creating a distinctive mixed use district providing over 35,000 jobs and over 8,000 homes. It is one of the largest City Centre regeneration initiatives in Europe, and will capture the growth of Leeds City Centre for the coming decades, cementing the City's role as the UK's fastest growing city and driver of the region's and nation's economy.

4.8 Resources and value for money

4.8.1 SunConcept Oakapple Renewable Energy Ltd have provided costs for various elements of works which have a 20% Management fee that will also include Oakapple's M.O.H.P. Costs received to date included;

- Full site investigation report: £14,334.60 plus 20% MOHP= £17,201.52
- Demolition Asbestos Intrusive Survey: 7No companies provide quotations that range from £1,250.00 to £2,800.00. £1,750.00 plus 20% MOHP= £2,100.00
- Estimated demolition costs: 5No Demolition Companies have quoted between £39,000 and £97,000. Oakapple Group Ltd would be looking at the contractors quotes between £46,00.00 and £63,000.00 including their 20% MOHP.
- Removal of Asbestos Containing Materials: Removal costs will be obtained as soon as the Demolition Asbestos Report has been received and Oakapple will arrange the quotations, etc.

4.9 Legal implications, access to information and call-in

4.9.1 The value of this contract is below the threshold for the application of the Public Contract Regulation 2015 in relation to the works. Therefore this direct appointment does not directly contravene the procurement regulation and as a result call-in is not a requirement.

4.9.2 A direct appointment of SunConcept Oakapple Renewable Energy Ltd is to be considered as a one off proposal under the circumstances outlined within this report.

5. Risk Management

5.1 Implementation of this proposal will enable the demolition of Artemis warehouse being carried out in conjunction with out neighbouring property under one contract.

5.2 The risk of taking no action will result in unnecessary works having to be undertaken to support the party wall between the two buildings when the overall proposal is to demolish both buildings.

5.3 The risk of not taking action will result in delays being forced upon Leeds City Council by the very nature of the neighbouring building being demolished for a redevelopment and due to the close proximity will delay the demolition by a considerable length of time.

6. Conclusions

- 6.1 In approving the waiver report it will ensure that the associated demolition works on these two joint buildings are completed under one contract removing the risk of excess and unnecessary expenditure.
- 6.2 As a result of demolishing these two buildings under one contract the demolition timescales are greatly improved and the land can be used to generate an income to support the Temple Works project.

7. Recommendations

The head of Responsive Repairs, Voids, Disrepair and Corporate Property Management is recommended to:

- a) Approve the waiver contracts procedure rule 9.1 and 9.2 – high value procurements and award a contract to SunConcept Oakapple Renewable Energy Ltd in order to complete the demolition of these two buildings under one contract. The following contracts procedure rule :-
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8. Background documents

- 8.1 25th January 2018 Letter from Martin Farrington to Chris Briggs Principle Planner.
- 8.2 24th July 2018 Email from Oakapple group Ltd with costs and on cost-figures
- 8.3 30th July 2018 Email from Asset Management re-generation Context
- 8.4 30th July 2018 DDN from Asset Management re Proposed Demolition
- 8.5 The background documents listed above are available from the Corporate Property Management's L Drive and are available to download unless they contain confidential or exempt information. The list of background documents does not include published works.