

# REPORT FOR DECISION



<b>DECISION OF:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>14 NOVEMBER 2018</b>
<b>SUBJECT:</b>	<b>DEMOLITION AND REMEDIATION OF FORMER POLICE HEADQUARTERS, IRWELL STREET, BURY</b>
<b>REPORT FROM:</b>	<b>COUNCILLOR E O'BRIEN CABINET MEMBER FINANCE AND HOUSING</b>
<b>CONTACT OFFICER:</b>	<b>KEITH WATSON ARCHITECTURAL SERVICES MANAGER</b>
<b>TYPE OF DECISION:</b>	<b>EXECUTIVE (KEY DECISION)</b>
<b>FREEDOM OF INFORMATION/STATUS:</b>	<b>FOR PUBLICATION</b>
<b>SUMMARY:</b>	<p>The report advises on the current position regarding the demolition and remediation of the development site of the former GMP Headquarters, Irwell Street, Bury and contains recommendations for completing the works.</p> <p>This report excludes details of likely expenditure as they are deemed to be commercially sensitive and detailed within a second report in the closed section of the agenda.</p>
<b>OPTIONS &amp; RECOMMENDED OPTION</b>	<p>Cabinet is requested to note the current position and consider the following final site remediation options:</p> <p>Option 1. Approve the entering into a contract for the remaining works, with the associated expenditure as detailed within the closed report, subject to the completion of the tender evaluation and a value engineering exercise.</p> <p>Option 2. Approve the implementation of an additional procurement exercise to market test through an open tender.</p> <p>Option 3. Approve the leaving of the site in its current state and seek an appropriate developer to remediate and further</p>

	<p>develop the site.</p> <p><b>Option 1 is recommended.</b></p> <p>Delegated approval is also sought to authorise officers to negotiate a final tender amount with the lowest tenderer.</p>
<b>IMPLICATIONS:</b>	
<b>Corporate Aims/Policy Framework:</b>	Do the proposals accord with the Policy Framework? Yes
<b>Statement by the S151 Officer: Financial Implications and Risk Considerations:</b>	Costs will initially be funded from earmarked reserves and will ultimately be recouped from the proceeds of the development of the site.
<b>Health and Safety Implications</b>	The letting of a contract for the remaining demolition and remediation works will have the effect of minimising health and safety risks.
<b>Statement by Executive Director for Business, Growth and Infrastructure.</b>	The recommended option will leave the site in a suitable condition to support future redevelopment and therefore supports the Council's wider ambitions for growth and regeneration.
<b>Equality/Diversity implications:</b>	None
<b>Considered by Monitoring Officer:</b>	There are no legal implications at this stage and a procurement process has been carried out, with delegated authority sought to negotiate the final tender amount. Any new works involving expenditure over £250,000 require Cabinet approval. JH
<b>Wards Affected:</b>	East Ward
<b>Scrutiny Interest:</b>	Overview and Scrutiny

## TRACKING/PROCESS

**EXECUTIVE DIRECTOR: PAUL PATTERSON**

Chief Executive/ Strategic Leadership Team	Cabinet Member/Chair	Ward Members	Partners
✓	✓		
Scrutiny Committee	Cabinet/Committee	Council	
	✓		

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## 1.0 INTRODUCTION

### 1.1 In February 2013, the Council approved:

- The acquisition of the former GM Police headquarters at Irwell Street, for the sum of £260,000. Technical due diligence was undertaken in advance of the purchase of the building resulting in an estimate of demolition costs of £746,538, including an allowance of £367,000 for the removal of asbestos. These figures were factored into the calculation of the purchase price.
- The entering into a Development Agreement with Ask Real Estate, to enable the development of a 100,000sq.ft food store within the site comprising the Police HQ and the Castle Leisure Centre. This was to be the next development scheme to be entered into with Ask following the completion of the Knowsley Place complex.  
Within the accompanying report it was stated that 'The costs of acquisition of the Greater Manchester Police headquarters, removal of asbestos and its demolition will be held as a development cost and it should be recognised that if the development did not go ahead such costs (currently estimated at £1m) may not be recouped.'
- The development of a replacement leisure centre within the airspace above the Q Park car park at Knowsley Place, which was to be funded from the food store development proceeds.

### 1.2 The Council and Ask obtained a detailed planning permission for the food store, however the subsequent collapse in the development market for this use resulted in there no longer being a viable business case for the scheme. Alternative uses were explored with Ask, but in the difficult development climate subsisting at that time, viable replacement schemes could not be identified. Ask's formal Joint Venture relationship with the Council ended in 2015, with their sale of the Q Park car park to the Authority and their withdrawal from the Townside management company.

### 1.3 The absence of a funding source for the replacement leisure centre resulted in the Bolton Street facility remaining fully operational.

## 2.0 REMEDIATION PROGRESS TO DATE

### 2.1 To date the remediation of the site has comprised of removal of accessible asbestos followed by two separate demolition contracts. Partial demolition was completed including the southern tower under one contract (Walter Forshaw Ltd.) The Contractor went into administration before completion of the works. Subsequently, an additional tender process was completed for the remainder of the works, however the tender award became protracted due to qualified bids being received despite the items being explicitly precluded within the tender documentation. Due to this delay and the potential hazards remaining on site a decision was implemented to award a contract under the dangerous structures

notice, Section 79 of the Building Act to demolish the remaining northern tower.

- 2.2 As the original demolition contract was incomplete along with limited terms of the dangerous structures contract a number of stockpiles remain on site containing unprocessed materials and wastes with limited documented record of each stockpile contents.
- 2.3 Security measures in place for the vacant site include perimeter fencing and an on-site guard is present at agreed hours, which are extended to cover school holidays.
- 2.4 Total expenditure incurred to date is £1,158,279 this comprises site acquisition costs of £260,000 and remediation works comprising asbestos removal of £346,167, and the two phases of completed demolition to date of £552,112.
- 2.5 This report recognises the procurement process, and the hampering of the original demolition contractor going into administration, has adversely impacted on the overall cost to the Council. The review of the architects department and estates being undertaken by Savills to report on how the both departments become better equipped to support the growth strategy. It will include cost and project management processes adhered commercially, to put in place effective contractual risk mitigation practices to ensure the councils investment into growth, delivers strong competitive pricing.

### **3.0 REDEVELOPMENT PROPOSALS**

- 3.1 The Council is now engaged in the latest iteration of the master planning of Bury Town Centre, having appointed the IBI Group to identify strategic opportunities to take the town forward over the next 10 year time horizon. The Irwell Street area is seen as a key strategic site within this master plan.
- 3.2 Development options are to be considered in detail in 2019, however the site is currently being viewed as a potential wellbeing neighbourhood, a model which would encompass aspirational town centre living combined with spa and fitness and other leisure facilities. This would be part of a town centre regeneration solution to introduce new life style choices in Bury's towns, as part of a strategy to counter the declining retail sector. Such a scheme is currently being master planned by the Council for the Uplands in Whitefield as a proof of concept and within proposals for Prestwich village centre.

### **4.0 CURRENT POSITION**

- 4.1 A tender process has recently been completed for the remaining phase of remediation of the site. Tenders were sought from a select list of tenderers derived from an approved framework via the Chest portal. The tender invitation required that the evaluation would be based upon lowest price (95%) and an evaluation of the tenderer's Social Value submission (5%).
- 4.2 Although the site is secured the site potentially presents a health and safety risk due to the amount of unmanaged waste material stock piled.
- 4.3 The remedial works contract will involve making a structural assessment of the remaining structures and the materials/wastes left on site from the previous

contracts before completing the demolition of the lower floors and basements of the northern and southern towers, earthwork remediation and site clearance works.

4.4 The works include the following but are not limited to:

The controlled demolition and removal of all aspects of the remaining structures, assets, fixtures, fittings, ground slabs, basement construction, boilers/plant and all ancillary fuel/storage tanks. The crushing of all clean brick work and concrete which is to be utilised when filling all below-ground voids. All contaminated material is to be treated and disposed of. Boundary retaining walls etc. along with adjacent basement slabs are to be removed down to 400mm below the corresponding pavement level. The site will be finished with a surface of graded fill and will be contained within a chain link fence with access gates.

A provision is included for 24/7 manned security on site throughout the contract period.

## **5.0 SITE REMEDIATION OPTIONS**

5.1 The Irwell Street area is a key strategic site within the master plan for this area's redevelopment. If it is not remediated then it would be rendered incapable of future redevelopment. This would potentially result in the site being left in its current condition for an unforeseeable period of time, and although the site is secure it would continue to potentially present a health and safety risk due to the amount of waste material stock requiring removal.

### **5.2 Option 1**

Approve the required expenditure and the entering into a contract for the final phase of demolition and remediation. Programme to completion is 25 weeks with 16 weeks on site commencing early 2019.

Although the site is secured the site potentially presents a health and safety risk due to the amount of unmanaged waste material stock piled this risk would be mitigated and addressed by progressing and accepting the current tender submission.

### **5.3 Option 2**

To implement an additional procurement exercise to market test through an open tender, this would allow alternative contractors such as civil engineering and/or environmental contractors to participate. This option would require additional time for procurement/contractor evaluation with no guarantees of any reduction in tender amounts or other additional benefits. This option would not promptly mitigate any potential health and safety risks from the current site conditions.

### **5.4 Option 3**

To leave the site in its current state and seek an appropriate developer to remediate and further develop the site. This option would not promptly mitigate any potential health and safety risks from the current site conditions and will not guarantee any additional cost savings.

## **6.0 LESSONS LEARNED**

- 6.1 Despite considerable due diligence over successive demolition contractors being undertaken in advance of the award of contracts, performance issues have nonetheless been encountered with the actual works on site. This culminated in there being a long period of inactivity on site following the demolition of the first tower by Walter Forshaw Ltd, the company subsequently being placed into administration.
- 6.2 It is therefore apparent that as part of the final phase of demolition, the timely completion of the works will need to be ensured by a greater than normal level of scrutiny and supervision of the contractor. This will include more frequent reviews on site, monitoring actual progress against the detailed milestones required as part of the contract documentation, and escalating any delays to the programme plan to ensure recovery of any time lost.

## **7.0 RECOMMENDATIONS**

- 7.1 Members are recommended to approve Option 1, as there is no certainty that other options would be more financially beneficial to the Council, and timescales for demolition/remediation would inevitably be lengthened. Entering into a contract for the final phase of demolition/remediation will deliver a site cleared and suitable for redevelopment, which is a key priority within the Council's Growth agenda.
- 7.2 Delegated approval is sought to authorise officers to negotiate a final tender amount with the lowest tenderer.

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### **List of Background Papers:-**

Tender submissions report and appraisal.

### **Contact Details:-**

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