

CABINET

**COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS AND PROPERTY
PORTFOLIO HOLDER**

19th October 2021

REPORT NO. REG2101

KEY DECISION: YES

FARNBOROUGH LEISURE CENTRE - DEMOLITION UPDATE AND BUDGET

SUMMARY:

This report requests the release of additional funding from the approved capital programme to enable the completion of the demolition of Farnborough Leisure Centre.

RECOMMENDATIONS:

Cabinet is recommended to:

1. Note the update in regards to the revised contract sum and programme for demolition.
2. Agree the release of a further £204,000 funding from the approved Capital Programme, to increase the demolition project budget to £1,339,000 (from £1,135,000) as a result of the removal of the additional asbestos and other additional costs as set out in the report.

1. INTRODUCTION

- 1.1 The purpose of this report is to seek approval to release additional funding, from the Capital Programme to enable the demolition and site clearance of Farnborough Leisure Centre, further to intrusive surveys being carried out.
- 1.2 This is a key decision because of the overall level of capital spend required to deliver the works.

2. BACKGROUND

- 2.1 In June 2021, Cabinet approved funding and the appointment of contractors Willmott Dixon Construction Limited to enable the Council to proceed with the demolition of the vacant Farnborough Leisure Centre building.
- 2.2 Vacant possession of the building was handed to Willmott Dixon (WD) on the 12th July 2021. The relevant notices have been served, intrusive demolition and

asbestos surveys have been carried out and soft strip and full hoarding of the site are underway. These works have been carried out to date under a letter of intent to allow an early mobilisation and to gain more certainty over asbestos and utility disconnection risks before committing to a full contract.

3. Outcome from Survey work and Impact on Contract Sum and Project budget

- 3.1 Following the intrusive demolition asbestos survey Willmott Dixon have now submitted their costs for the removal of the additional asbestos and subsequent programme implications. These figures have been interrogated by our Technical Advisor and Cost Consultants, Artelia UK, who have recommended acceptance of the final revised contract sum (see Exempt Appendix 1).

Asbestos

- 3.2 Significant additional asbestos has been found following the Refurbishment and Demolition (R and D) Survey over that included in the original project estimate.
- 3.3 Whilst the survey was extensive the surveyor was unable to get access to some remaining areas. Therefore there is a risk of further asbestos discovery. An allowance has therefore been made for this within a revised contract sum for these works.
- 3.4 Given the extent of the asbestos discovered a longer period will be needed for this work than previously programmed which incurs additional costs over and above that of the asbestos removal and disposal.

Utilities

- 3.5 The Council are in the process of progressing the utilities disconnections required to demolish the site in tandem with the work described in 2.2 above. The initial applications were made to the energy providers in late April/early May 2021. Despite these early requests getting commitment to dates for the works has proven difficult and continues to impact on the programme.

Programme

- 3.6 The revised programme shows completion by April 2022 with main demolition completed by the end of January. The demolition will be phased commencing with the swimming pool side of the facility first followed by the dry side in the new year.
- 3.7 The revised programme is still dependent on the utility disconnections being completed by the 15th November. There is currently a potential anticipated delay of three weeks with associated holding and insurance costs for the contractor. We are currently working with the suppliers to mitigate the additional costs and will not enter into the final contract with Willmott Dixon until we have a higher degree of certainty around these works as at that point the Council will be

committed to penalties for further delays associated with utilities that we have no control over.

4. Contract sum and financial implications

- 4.1 Officers have been working with the contractor and the Council's cost consultants to reach a revised contract sum as a result of the discovery of the additional unknown asbestos and programme extension. The original estimated demolition contract sum as approved at Cabinet on the 8th June (RP2103) was £695,644. The revised contract sum following the asbestos surveys is £933,883. The additional cost of £238,238 is broken down as follows:

Reason for adjustment	Adjustment amount (£)
Add: Additional asbestos found	132,302
Add: Demolition works - Additional crack deck / additional protection to BT cabinet / additional soft strip	22,290
Add: Associated preli./ contractor fee and risk (Includes; WDL Management Costs and Fees, Traffic Management Consultant, Webcam set up, Generator Provision, Welfare Facilities, Security over Christmas)	87,626
Less: Adjustment to original contract sum	(3,980)
Total	238,238

- 4.2 Artelia as the Council's cost consultants have reviewed and recommended acceptance of these additional costs and have also recommended setting aside a £50,000 provisional sum for any further asbestos and a £100,000 client contingency due to the nature of the remaining works in a building of this age and complexity.
- 4.3 The Capital Programme approved by Council in February 2021 included an estimate of £19.383m to allow the Council to continue land assembly and site remediation for the Civic Quarter Regeneration project.
- 4.4 At the meeting on 08 June 2021, Cabinet approved to release £1.135m from the capital scheme estimate to enable demolition works to commence on the site. As a result of the financial issues outlined in this report, a further £128,000 is required for the demolition works thereby increasing the total sum to £1.263m.

Other additional costs

- 4.5 In order to enable the Skate Park relocation as set out in the draft Civic Quarter masterplan an additional re-reroute of the electrical diversion required for the Leisure Centre demolition was requested by the Rushmoor Development Partnership (RDP). The cost for this additional work was circa £76K and was not included in the original budget. The RDP have been requested to accept this cost as a cost of the Masterplan infrastructure. As this report is published the RDP have not yet confirmed that they will meet this cost. Therefore,

Cabinet is requested to agree up to a further £76,000 capital budget to accommodate this spend in the event that the RDP do not agree meet all this cost. This increases the additional budget requested to a total of £204,000.

5. IMPLICATIONS

Risks

- 5.1 A detailed project risk register has been developed for the Leisure & Civic Hub project which includes a specific demolition risk register which is reviewed as part of the Project Team meetings.
- 5.2 There is a risk to the programme of additional asbestos being identified along with delays in the services disconnections and diversions. Should either of these risks occur then this will impact on the programme and potentially increase costs further.

Legal Implications

- 5.3 There are no known legal issues in proceeding with the request for additional funds to complete the demolition.
- 5.4 The current works have commenced under a letter of intent to allow commissioning of the soft strip and asbestos removal whilst the final contract sum is being agreed. The intention is to enter into final contract with Willmott Dixon on the 29th October 2021.

Equalities Impact Implications

- 5.5 There are no known Equalities Impact Implications arising from this report.

6. CONCLUSIONS

- 6.1 In order to complete the demolition and site clearance it is requested that Cabinet note the variance to the contract sum and other additional costs and approve the allocation of additional funds as requested.

BACKGROUND DOCUMENTS:

Exempt Appendix 1 – Artelia recommendation report
Cabinet report RP2103 08 June 2021 – Farnborough Leisure Centre Demolition

CONTACT DETAILS:

Report Author – Johanna Cohen, Project Manager
Executive Director – Karen Edwards