

WEST NORTHAMPTONSHIRE COUNCIL CABINET

19 September 2023

**Cllr. Daniel Lister – Portfolio Holder for Economic Development, Town
Centre Regeneration and Growth**

Report Title	Northampton Towns Fund – 35-45 Abington Street asbestos removal and demolition
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List of Approvers

Monitoring Officer	Catherine Whitehead	30/08/2023
Chief Finance Officer (S.151)	Martin Henry	30/08/2023
Other Director	Stuart Timmis	30/08/2023
Head of Communications	Becky Hutson	31/08/2023

List of Appendices

None.

1. Purpose of Report

- 1.1 This report seeks to provide a progress update following the approval of the Cabinet Decision on 12 April 2022.
- 1.2 To seek delegated authority to enter a construction contract with regards to the main asbestos removal for 35-39 Abington Street, Northampton and 20-28 Wood Street, Northampton.

- 1.3 To seek delegated authority to enter a construction contract with regards to the main demolition and deconstruction of 35-39 Abington Street, Northampton, 41-45 Abington Street, Northampton and 20-28 Wood Street, Northampton.
- 1.4 To note that the procurement route may involve a single contract or separate contracts for the asbestos removal and deconstruction works.

2. Executive Summary

- 2.1 In April 2022 Cabinet approved the Outline Business Case, and the Procurement and Delivery Strategy, for the delivery of the site known as 35-45 Abington Street with an allocation from the capital Towns Fund grant from the Ministry of Housing, Communities and Local Government to West Northamptonshire Council of £9.7m.
- 2.2 Acting upon the authority approved by the April 2022 Cabinet the acquisitions of 35-39 Abington Street and 20-28 Wood Street have completed as required to form the entire regeneration site.
- 2.3 Other works have continued to prepare the site for demolition and to commence the procurement process to select a preferred bidder as a development partner to redevelop the site. This report seeks approval to enable the preferred route to deliver to a developer a site cleared of the existing buildings to ground level.

3. Recommendations

- 3.1 It is recommended that Cabinet:
 - a. Notes the update to works undertaken by Officers from April 2022 onwards.
 - b. Delegates authority to the Director of Communities and Opportunities in consultation with Chief Finance Officer, the Monitoring Officer and the Cabinet Member for Economic Development, Town Centre Regeneration and Growth to enter the necessary Contracts, Warranties and Bonds for all related works for the removal of asbestos and the demolition of all the buildings required across the site.

4. Reason for Recommendations

- 4.1 To allow the 35-45 Abington Street development site to deliver the objectives and strategy agreed by Cabinet on 12th April 2022 by way of providing a development partner with a site cleared of the existing buildings.
- 4.2 To ensure the Towns Fund grant award is spent within the award timescales and for the permitted purposes.

5. Report Background

- 5.1 At the Cabinet meetings held in July 2021 and April 2022, approval was given for the redevelopment of the buildings that form the site known as 35-45 Abington Street.

- 5.2 35-45 Abington Street comprises 1.6 acres of land that is intended for regeneration as a residential use scheme. The site currently comprises two large vacant and redundant retail units, formerly occupied by M&S (41-45 Abington Street) and BHS (35-39 Abington Street) and the former Job Centre vacant office building immediately to the rear of these (20-28 Wood Street). The delivery of a residential redevelopment scheme is aimed to increase vibrancy and prosperity in the town centre by growing and diversifying the living offer, whilst supporting the vitality and resilience of the wider town centre.
- 5.3 Since the April 2022 Cabinet approval, the procurement seeking a development partner has been launched via the Homes England DPS (Dynamic Purchasing System) Framework. Potential development partners will be assessed against criteria set out in the procurement documents. The key project objectives are Concept (Uses and Design) with reference to residential neighbourhood, ground floor uses, and design; Delivery with reference to partnering approach, and delivery and resources; Operation with reference to stakeholder engagement, and long-term structure; Commerciality with reference to viability and funding, and financial structure; and Social Value.
- 5.4 As reported in April 2022 to Cabinet WNC (West Northants Council) the £9.7 million allocation of the Towns Fund grant award for 35-45 Abington Street includes funding for asbestos removal and demolition of the existing buildings. It has been set out in the procurement expression of interest document to developers that the Council will conclude works to complete the asbestos removal and demolition of the existing buildings on the site. This funding - under definitions set out in the grant award - must be spent or allocated contractually in line with the terms of the grant by April 2025.
- 5.5 Without public sector intervention the market would not deliver this scheme. The site has substantial viability challenges in terms of significant “fixed costs” such as acquisition, demolition and remediation work. Viability analysis shows that these are of the extent where not only normal profitability could not be met, but loss is likely.
- 5.6 Without intervention it is likely that the Abington Street site will remain redundant with vacant retail and office buildings following the departure of M&S and BHS. Further, the physical condition of the buildings is poor, with significant detrimental impact on the street scene. Further, the existing buildings attract unwelcome anti-social behaviour.
- 5.7 The April 2022 Cabinet report sets out the Project Milestones for the procurement and delivery of the 35-45 Abington Street scheme. This included the asbestos strip with abnormal and enabling works, which the report stated could include demolitions.
- 5.8 An Intrusive asbestos survey was commissioned and was undertaken for the site commencing February 2023 to locate and identify the presence of asbestos-containing material in 35-39 Abington Street. To summarise, there are large areas of the building that incorporate significant levels of asbestos-containing materials. Additional Health and Safety Executive notifiable licensed asbestos removal has had to be undertaken due to damaged asbestos containing materials being identified as being at risk of imminent failure. When the main work

to remove the asbestos is undertaken this will also involve large amounts of soft strip out with the removal of internal non-load bearing walls, ceilings, and floor finishes.

- 5.9 This report seeks approval for delegated authority for Officers to award a contract or contracts to allow for the main asbestos removal from 20-28 Wood Street and 35-39 Abington Street, and the deconstruction / demolition contract for all three buildings and related structures that form the regeneration site 35-45 Abington Street.
- 5.10 Since Cabinet Approval in April 2022 the project has progressed with the creation of a Project Board, the appointment of a Project Manager and a technical delivery team to lead on the development and procurement of the development, including specialist commercial advisors (Cushman Wakefield) and external legal advisors (Browne Jacobson, Solicitors). The procurement of a multi-disciplinary team to focus on the design and management of the delivery of the asbestos removal and demolition has recently been initiated.
- 5.11 Acquisition of 35-45 Abington Street was completed in September 2022 with vacant possession of the whole premises being obtained in November 2022. Acquisition of 20-28 Wood Street completed in August 2023. Therefore, freehold vacant possession has now been obtained for the whole of the regeneration site.

6. Issues and Choices

- 6.1 To approve the ability for the Council to award a contract or contracts to enable the asbestos removal from 20-28 Wood Street and 35-39 Abington Street and the demolition of 20-28 Wood Street, 35-39 Abington Street and 41-45 Abington Street. These will allow the Council to deliver to a developer a cleared site: Cushman Wakefield have identified this approach as the most economically advantageous route to attracting developer interest in the site.
- 6.2 Not to approve the ability for the Council to award a contract or contracts to enable the asbestos removal from 20-28 Wood Street and 35-39 Abington Street and the demolition of 20-28 Wood Street, 35-39 Abington Street and 41-45 Abington Street. This would mean reviewing the whole delivery strategy for the scheme. It would also mean that the buildings will be left empty for considerably longer period with prolonged adverse impact on the street scene and encouraging further anti-social behaviour, potentially creating less interest from potential development partners, and incurring greater costs to achieve a cleared site. It would also cause significant challenge to the Council's ability to meet the date by which the grant fund must be disbursed (April 2025). MCHLG sets grant spend dates deliberately short to encourage and to incentivise the rapid conclusion of funded schemes: the Abington Street scheme is no exception. If the grant were not spent by the due date, there is no guarantee that the spend period would be extended.
- 6.3 When the procurement route is confirmed, an Equality Screening Assessment (ESA) will be undertaken in order to ensure that the selected procurement route adheres to the duties set out by the Equality Act 2010 and the Council's procedures relating to this are followed.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 It is noted that the budget for this project was agreed in the April 2022 cabinet report.

7.1.2 Works to be awarded under either a single or separate contracts relating to the main asbestos strip for 35-39 Abington Street and for 20-28 Wood Street are anticipated to be within the available budget. If works exceed this and the contract value cannot be reduced or otherwise value-engineered then Officers will bring a further report, with relevant options, to Cabinet for further review and discussion.

7.1.3 It is noted at paragraph 5.10 that a multi-disciplinary team has been appointed to focus on the design and management of the delivery of the asbestos removal and demolition. A robust budget has been allocated for these works and the Regeneration Team will work with the multi-disciplinary team to ensure that the both the design and management and the asbestos removal and demolition works are carried out to budget, to specification, and to time.

7.2 Legal

7.2.1 It is noted from paragraph 5.4 above that the removal of asbestos from the buildings known as 35-39 Abington Street and 20-28 Wood Street is subject to both a significant time constraint and a cost ceiling. The financial implications and subsequent risk on the Council's short-term plans were identified as a high-level risk to the Council in the Statement of Officer Delegated Executive Decision dated 28th August 2020 following the consideration of and completion of the due diligence undertaken by the Council prior to the acquisition of these properties.

7.2.2 It is noted at paragraph 7.2 that if potential additional costs would be incurred over and above the grant funding provided that a further report will be brought to Cabinet. It is recommended that Cabinet as part of the decision-making process should have the fullest opportunity to review all material considerations, including what steps the Council can take if the cost of the asbestos removal exceeds the funding available.

7.2.3 Once the design and management statement referred to at para 5.10 of this Report is finalised, the works will need to be tendered and awarded in strict accordance with the conditions of the relevant framework and external advice obtained to ensure the Council has a strict Health and Safety compliant contract that addresses satisfactorily all the risks and liabilities the Council could be exposed to in a contract of this nature. Collateral warranties may be required to ensure appropriate recourse.

7.3 Risk

7.3.1 Financial risks: If the projects are not delivered within time and deadlines are not met, the Council risks grant clawback and loss of external funding and faces increased costs such as further inflationary pressure and abortive costs to date.

- 7.3.2 Reputational risks: If the Asbestos and Demolition works are not delivered it could affect the Council's position to secure major funding in the future because our programme will not be met. There would also be a reputational damage with the public, with many of these schemes already having been heavily promoted including programme timelines for works.
- 7.3.3 Development Partner risk: The procurement of a development partner has commenced in line with the approved Business Case. This includes the provisions that a site clear of buildings will be made available by the Council. Without approvals the current programme would not be met and the project stage cannot be delivered.
- 7.3.4 Holding Vacant Buildings risk: Trespass and vandalism damage are already an ongoing issue, and requires proactive ongoing management. Continuing to hold as vacant buildings expose the Council to the risk of claims and excessive building management costs such as enhanced security measures for longer and sustained period.

7.4 **Consultation and Communications**

- 7.4.1 The Council will keep stakeholders informed and engaged by sharing proactive communications regarding the outcome and the next steps for the project, including asbestos removal and subsequent demolition. The site forms part of the Town Investment Plan (TIP) which was guided by widespread community and stakeholder consultation. The TIP builds on the initial consultation work undertaken to inform the development of the Town Centre Masterplan which seeks to address many of the challenges faced by the town centre. Further consultation will be undertaken at the appropriate time.

7.5 **Consideration by Overview and Scrutiny**

- 7.5.1 Place Overview and Scrutiny committee met on December 5th 2022. It was resolved that a site visit would be arranged by Officers to similar schemes and that the Committee would establish Pre-Decision Scrutiny scope. The key lines of enquiry for the subsequently established scope focus on the effectiveness of the scheme and how it will contribute to the strategic driver of regeneration of the town centre of Northampton having particular regard to: business, skills, infrastructure, investment and innovation. The scope thereby does not focus on the Asbestos Removal and Demolition aspects but on the future development proposals.

7.6 **Climate Impact**

- 7.6.1 The demolition of the buildings will have an environmental impact, but this will be mitigated by the instruction of competent designers and contractors who will manage the design, deconstruction and construction processes involved at this stage to maximise recycling of materials and minimisation of waste. Asbestos removal work will be cleansing the site of a contaminating material that can lead to significant health issues.

7.7 Community Impact

- 7.7.1 The aim of the project is to support the Regeneration of the Town Centre and establish new communities thereby making the Town Centre more sustainable and competitive and resolving the problem of unviable large format retail units.
- 7.7.2 A Construction Management Plan (CMP) will be in place prior to the commencement of the works to minimise and manage the disruption caused during the phases of works. Inevitably there are some consequential localised impacts during the demolition activities, but the CMP is in place to ensure issues are properly managed.

8. Background Papers

- 8.1 Cabinet Report: 12 April 2022 - Towns Fund: 35-45 Abington Street Project – Business Case and Delivery Strategy
- 8.2 Cabinet Report: 13 July 2021 – Northampton Towns Fund