

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 19 March 2024

Demolition Contract - Approval to demolish Former Royal Mail Sorting Office Buildings and Cantium House

Issue for Decision

To seek approval to demolish the existing buildings, following receipt of vacant possession, scheduled for the 22 March, and to enter in contract for these works.

Decision Made

That

1. The demolition of the existing buildings at the Former Royal Mail Sorting Office and Cantium House site, taking note of the contents of the report and tender information in Appendix 1 to the report, be approved;
2. The Director of Finance, Resources and Business Improvement be given delegated authority to appoint the preferred demolition contractor to carry out the necessary works as per the recommended tender price, inclusive of contingency, stated in the exempt appendix to the report; and
3. The Head of Mid Kent Legal Services, in consultation with the Lead Member, be authorised to negotiate and complete all necessary demolition contracts, deeds and agreements arising from or ancillary to the demolition application.

Reasons for Decision

In 2021, the Policy & Resources Committee approved the acquisition of KCC's 50% share in the Former Royal Mail Sorting office and the purchase of Cantium House, with the intention of pursuing a comprehensive redevelopment of the site, these transactions are now complete. In order to assist the delivery of the site during increased inflationary pressure on build costs, an application was made to the Brownfield Land Release Fund (BLRF) in 2023 with £2.1m being awarded to Maidstone Borough Council (MBC). Part of the funding requirements was for MBC to be in contract for those demolition works in which the BLRF relate to, prior to the 31st of March 2024.

A planning application for the comprehensive redevelopment of the site was submitted in October 2023. Due to the timings of the proposed planning committee for this application and the deadline for entering into the contract for demolition works, in order to secure the BLRF monies, being very close to one another, a separate prior approval application has been submitted to the LPA for the demolition of the existing buildings only. This went to planning committee on the 15th of February and has been approved.

The report relates to the demolition of the properties known as the Former Royal Mail Sorting office and Cantium House sites, that will eventually be redeveloped to form part of the 1000 affordable homes programme.

Cabinet approval is required to demolish the existing buildings and to enter into a demolition contract before the 31st of March 2024. These demolition works will form the initial stages of the redevelopment however, it is the intention that following demolition, officers will carry out a tender exercise for the works contract and will ultimately return to cabinet to seek approval for these works cost as well as the overall business case for the redevelopment project.

Officers have already served notices on the existing tenants, currently in occupation, in preparation for the demolition of the site. These notices were served, and the units will be vacated on or before the 22nd of March 2024.

A planning application for the redevelopment of the site to provide 217 units and 1863 sq m of commercial floor space, as well as extensive landscaping and public realm enhancements, was submitted in October 2023 and is currently due to be determined.

Due to the timings a separate prior approval application, just for the demolition works, was also submitted in January 2024 to enable the demolition of the site independently of the wider application. This approach was taken should there be any delays in a decision to the wider application past the 31st of March deadline date which formed part of the BLRF requirements. This demolition prior approval application was approved at planning committee on the 15th of February 2024.

The site is currently occupied by tenants but are all due to vacate the premises on the 22nd of March 2024 allowing MBC to take possession of the site and hand it over to the selected demolition contractor at the appropriate time. One of the existing uses is pay and display car parking provided by the Council, so this too will cease prior to demolition getting underway. As the site, whilst in occupation, had incurred considerable security expenditure, net revenues were negligible.

It should be noted however that due to the increase in construction cost and general inflationary pressures, the rough order of cost estimates for the redevelopment of the scheme has projected a build cost in excess of levels previously assumed. This has put significant pressure on the viability of the comprehensive redevelopment project although definitive costs will not be known until a full tender exercise has been carried out following receipt of planning permission and demolition of the site.

Officers will continue to monitor viability, to include the availability of further grant funding from the likes of Homes England, possible joint venture arrangements, and more generally explore ways to deliver the scheme within the required financial metrics. Officers want to highlight though that should cabinet be minded to agree to proceed with the demolition the site may lay vacant while works tender costs are sought and any viability issues addressed. Officers will return to cabinet to seek approval to enter into a works contract to deliver the 217 units and commercial space at a later date.

A procurement exercise has been undertaken to source a contractor to undertake

the demolition works required to secure the BLRF monies. The exempt Appendix 1 to the report sets out the preferred contractors tendered sum.

The preferred contractor submitted a build programme estimating start on site in April 2024, with completion of the demolition works targeted for September 2024. Officers are now in a position to appoint the selected contractor subject to cabinet approval for the demolition of the site.

The matter was considered by the Housing, Health and Environment Policy Advisory Committee on 12 March 2024, which approved the recommendations.

Alternatives considered and why rejected

Do nothing, leave the buildings vacant with the security in place and return the BLRF monies. This is not recommended as there would continue to be uncertainty as to the future of the buildings and site and MBC would continue to incur significant security costs.

If Cabinet were minded to pursue this option, then officers could rebid for BLRF monies in the next funding round early 2025 although there is no guarantee the same level of funding would be received. This would also delay any potential works associated with the wider planning application past March 2025 due to funding requirements.

Background Papers

None

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: _____
Councillor David Burton – Leader of the Council

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm on 27 March 2024**