

**Demolition Contract – Approval to demolish Former Royal Mail Sorting Office buildings and Cantium House**

<b>Timetable</b>	
<b>Meeting</b>	<b>Date</b>
Housing Health and Environment Policy Advisory Committee	12 March 2024
Cabinet	19 March 2024

<b>Will this be a Key Decision?</b>	Yes
<b>Urgency</b>	Not Applicable
<b>Final Decision-Maker</b>	Cabinet
<b>Lead Head of Service</b>	Philip Morris, Head of New Business & Housing Development
<b>Lead Officer and Report Author</b>	Philip Morris, Head of New Business & Housing Development
<b>Classification</b>	<p>Private – The information contained within the Appendix has been considered exempt under the following paragraph of part 1 of schedule 12A to the Local Government Act 1972:-</p> <p>3 = Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> <p>Public Interest Test</p> <p>It is in the public interest that the Appendix be taken in private because it relates to commercially sensitive information and releasing the information could jeopardise the financial position of the Council and third parties.</p>
<b>Wards affected</b>	North

## **Executive Summary**

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 31<sup>st</sup> 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 15<sup>th</sup> of February and has been approved.

Officers are therefore seeking approval to demolish the existing buildings, following receipt of vacant possession, scheduled for the 22<sup>nd</sup> of March, and to enter in contract for these works.

## **Purpose of Report**

Decision

## **This report makes the following recommendations to the Cabinet:**

1. That the demolition of the existing buildings at the Former Royal Mail Sorting Office and Cantium House site taking note of the contents of this report and tender information in Appendix 1, be approved.
2. That 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.
3. That 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.

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## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	Accepting the recommendations will materially improve the Council's ability to achieve: <ul style="list-style-type: none"> <li>Embracing Growth and Enabling Infrastructure;</li> <li>Homes and Communities.</li> </ul>	William Cornall- Director of Regeneration & Place
<b>Cross Cutting Objectives</b>	The project will support the cross-cutting objectives: <ul style="list-style-type: none"> <li>Health Inequalities are Addressed and Reduced</li> <li>Deprivation and Social Mobility is Improved</li> <li>Biodiversity and Environmental Sustainability is respected.</li> </ul>	William Cornall- Director of Regeneration & Place
<b>Risk Management</b>	Already covered in the risk section	William Cornall- Director of Regeneration & Place
<b>Financial</b>	Funding for this project is included within the capital programme.	Mark Green- Director of Finance, Resources and Business Improvement
<b>Staffing</b>	We will deliver the recommendations with our current staffing within the New Business & Development Team and Mid-Kent Legal Services.	William Cornall- Director of Regeneration & Place
<b>Legal</b>	Under s1 of the Localism Act 2011 the Council has a general power of competence which enables it to do anything that individuals generally may do.  Under section 111 of the Local Government Act 1972 the Council has power to do anything (whether or not involving the	Robin Harris- Team Leader (Contentious and Corporate Governance

	<p>expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.</p> <p>The Council has the power to acquire properties by agreement under the Local Government Act 1972, section 120.</p>	
<b>Information Governance</b>	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Lauren McNicol and Georgia Harvey-Information Governance Team
<b>Equalities</b>	We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore, we have completed an Equalities Impact Assessment responding to the needs of the community.	Nicola Toulson-Equalities & Communities Officer
<b>Public Health</b>	No implications	Shafiqullah Hemat-Senior Public Health Officer
<b>Crime and Disorder</b>	No implications	Philip Morris, Head of New Business & Housing Development
<b>Procurement</b>	On accepting the recommendations, the Council will then follow a standard procurement & appointment exercise. We will complete that exercise in line with financial procedure rules.	Philip Morris, Head of New Business & Housing Development
<b>Biodiversity and Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and will impact Action 7.1 "Deliver Maidstone Borough Council 2030 Net Zero Commitment" by increasing the Council's carbon footprint. Ensuring development is aligned with the	James Wilderspin-Biodiversity and Climate Change Manager

	Future Homes Standard with 75-80% less carbon emissions, efficiency measures, reuse waste material where possible, and on-site renewables will reduce the impact of the five schemes.	
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 This 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.
- 2.3 Cabinet approval is required to demolish the existing buildings and to enter into a demolition contract before the 31<sup>st</sup> 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.
- 2.4 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 22<sup>nd</sup> of March 2024.
- 2.5 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.
- 2.6 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 31<sup>st</sup> of March deadline date which formed part of the BLRF requirements. This demolition prior approval application was approved at planning committee on the 15<sup>th</sup> of February 2024.
- 2.7 The site is currently occupied by tenants but are all due to vacate the premises on the 22<sup>nd</sup> 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.
- 2.8 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.

- 2.9 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.
  - 2.10 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 sets out the preferred contractors tendered sum.
  - 2.11 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.
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### **3 AVAILABLE OPTIONS**

- 3.1 **Option 1:** the preferred option, to agree to demolish the buildings and to approve that the director of Finance and Business Improvement be granted the delegated authority to enter into the demolition contract for the sum stated in exempt Appendix 1.
- 3.2 **Option 2:** 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.
- 3.3 If Cabinet were minded to pursue option 2, then officers could re bid 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.

### **4 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is Option 1, outlined above in paragraph 3.1 This is because:-
  - a. MBC have secured BLRF monies to cover the cost of demolition which would need to be returned should MBC fail to enter into the demolition contract prior to the 31st of March 2024
  - b. Notices have been served on the tenants in order to allow MBC to enter into a demolition contract.

- c. Demolition of the site would save on utilities and security cost as well as limit anti-social behaviour which has been ongoing for many years, leading to many management issues.
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## **5 RISK**

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy. The most significant risk with the recommended approach is that the Council would let the demolition contract to remove the buildings currently on the site, prior to securing planning permission for the redevelopment project, should there be any delay in determination currently targeted for the middle of March.
  - 5.2 Following demolition, the hoarded site may sit empty for a period of time, while the main works package is tendered, which could be subject to graffiti and other anti-social behaviour. This will however be monitored and the necessary steps taken to deal with any issues that may arise.
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## **6 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The matter is being considered by the Housing, Health & Environment Policy Advisory Committee on 12 March 2024. The Cabinet will be informed of the recommendations made by that Committee ahead of its meeting.
  - 6.2 The approval of the recommendations will enable the project team to appoint the contractor to commence demolition works.
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## **7 REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Exempt Appendix 1: Tender return cost
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## **8 BACKGROUND PAPERS**

None