



City of Westminster

Decision Makers:	Cabinet Member for Climate Action Regeneration and Renters Cabinet Member for Finance and Council Reform
Date:	01 August 2023
Classification:	General Release
Title:	Ebury Bridge Estate Renewal – Phase two demolition
Wards Affected:	Knightsbridge & Belgravia
Key Decision:	<p>This is a Key Decision and has been included for 28 days on the list of forthcoming decisions due to the level of expenditure.</p> <p>Approval is required to demolish the buildings on Phase 2 of the Ebury Bridge Estate Renewal. These buildings are Bridge, Victoria, Rye, Westbourne and Bucknill Houses.</p>
Financial Summary:	Phase two demolition and enabling works are estimated to cost £6.4m. The Phase 2 demolition works are currently included in the existing demolition contract dated 9 July 2020 entered into with John F. Hunt.
Report of:	Debbie Jackson, Executive Director of Growth, Planning and Housing and Gerald Almeroth, Executive Director of Finance and Resources

1 Executive Summary

- 1.1. This report seeks approval to demolish the next phase of the Ebury Bridge Estate. The phase 2 buildings to be demolished are as follows:
Bridge, Westbourne, Rye, Victoria and Bucknill Houses (**Phase 2 Buildings**).
- 1.2. This report also seeks approval of the spend for the demolition of the Phase 2 Buildings.
- 1.3. The demolition price for the Phase 2 Buildings contains provisional sums for Thames water disconnections, temporary support works for the basements and the archaeology watching brief which are based on the knowledge gained during the Phase 1 demolition works.

2 Recommendations

- 2.1 The Cabinet Member for Climate Action Regeneration and Renters and the Cabinet Member for Finance and Council Reform are recommended to:
 - Approve the demolition of the Phase 2 Buildings.
 - Approve the spend of £6.4m for the demolition of the Phase 2 Buildings and associated enabling works.
 - Approve the variation to the J F Hunt contract made by way of Deed of Variation.

3 Background

- 3.1 John F. Hunt were competitively procured to deliver all phases of the Ebury Bridge Estate demolition, based on an assumed phased programme and scope. A building contract in the form of JCT Design and Build 2016 edition with bespoke amendments was entered into between WCC and John F. Hunt on 9 July 2020 in respect of the demolition works (**Original Demolition Contract**) for the carrying out of demolition of the Phase 1 buildings including asbestos removal, soft strip and enabling works with an option to instruct Pre-Agreed Variations to include demolition of Mercer and Pimlico Houses and Phase 2 demolition works comprising of Bridge, Bucknill, Rye, Doneraile, Westbourne and Victoria Houses.
- 3.2 The scope of the Original Demolition Contract assumed demolition to ground floor slab. However, due to delays with the negotiation of the main works contract for Phase 1, John F. Hunt completed the demolition works before the appointment for the main works contract was concluded. Four contract variations to the Original Demolition Contract were instructed through delegated Head of Service approval to extend the scope of works with John F. Hunt and

remove them from the main works contract. Each variation instruction was interrogated by WCC's costs consultants (**Gardiner & Theobald**); secured continuity of works on site; avoided a 6-month delay to Phase 1 and a resulted in a successful handover of the Phase 1 site once the main contractor, Bouygues UK Limited (**BYUK**), was appointed.

- 3.3 Following their appointment as the main contractor for the Phase 1 works, BYUK entered into a Pre-Construction Services Agreement (PCSA) with WCC in relation to Phase 2. During a senior leadership meeting, BYUK requested the opportunity to price for the Phase 2 demolition works citing that through their unique methodology they would be able to provide significant programme gains to the overall development. BYUK were subsequently provided with the relevant information to enable them to submit a price and programme.
- 3.4 To ensure that the master programme was adhered to, Gardiner & Theobald requested that final submissions were received from both John F. Hunt and BYUK by 1 November 2022.
- 3.5 The final BYUK and Joh F. Hunt submissions were reviewed by WCC, their Employer's Agent and their commercial team. This was to ensure all the required items has been priced and the programme captured all relevant scope. This was an iterative process, which included continued dialogue with both John F. Hunt and BYUK to close out any issues raised.
- 3.6 The increased cost is due to a number of factors as listed below:
 - Separation of Doneraile House from Victoria and Bucknill Houses which will require an extra 30 weeks construction costing an additional £505,000.
 - Additional asbestos is expected in Phases 2 and 3, with an allowance of an additional £700,000.
 - Inflation on estimated contract prices £600,000.
 - Service disconnection (originally assumed to be a direct award) £250,000.
 - Additional enabling works ahead of main contract award - ground obstruction removal over and above base assumptions to reflect discoverable items on site i.e. canal wall originally assumed would be in a separate package costing an additional £567,000.

4 Reasons for Decision

- 4.1 The approvals are required to progress the delivery of the Ebury Bridge Estate regeneration in accordance with WCC's commitment to the renewal of the site. The approvals will also enable a contractor with historic and current knowledge of the site to be appointed and secure continuity of works into Phase 2 whilst the main contractor for the Phase 2 works is procured.

- 4.2 Phase 2 of the scheme is programmed to complete in 2026. To work towards this date, the Phase 2 works will need to commence in May 2023. WCC are currently working with the existing tenants and residents to secure vacant possession of the Phase 2A buildings by the end of May 2023. This will enable the demolition of the Phase 2 Buildings to commence.
- 4.3 John F. Hunt performed well during their workshops arranged with WCC to discuss the demolition works. John F. Hunt's Project Manager and Quantity Surveyor for Phase 1 attended workshops with WCC. Both the Project Manager and the Quantity Surveyor demonstrated extensive knowledge of the methodology, logistics, programme and variations for Phase 1 as well as lessons learnt that could be applied to Phase 2. In addition, John F. Hunt demonstrated a willingness to provide the pre-commencement condition documentation and undertake a pre-demolition audit in order to meet overall masterplan programme constraints. John F Hunt have met all deadlines that set by WCC and responded to all queries posed. Overall, John F. Hunt have performed extremely well and demonstrated their knowledge of the site, scope of works and WCC's requirements.
- 4.4 The submission from BYUK did not set out sufficient detail as to their proposed programme and methodology to enable WCC to ascertain the benefits they would be able to provide were they to be appointed. BYUK were unable to attend any workshops to discuss their proposals in further detail and only responded to queries raised via email.

5 Financial Implications

- 5.1 The original contract with JF Hunt for demolition works at Ebury and the associated spend of £7.8m was approved in September 2019. In July 2022, a further Cabinet Member report was approved which expanded the remit of the existing contract via a variation, to include additional enabling works packages to be delivered under the demolition contract. This increased the total contract value to £11.398m (£4.990m for Phase 1 and £6.409m for Phase 2).
- 5.2 Phase 1 demolition and enabling works are now fully complete. However, the final costs are yet to be confirmed due to disputed claims with the contractor for additional materials and ground obstructions. These claims if settled would take phase 1 costs to £5.192m which would be £0.202m over budget.
- 5.3 The originally planned delivery programme for Phase 2 of the Ebury Bridge Regeneration scheme has now been split into two separate phases (Phase 2 and Phase 3). Demolition of the original phase 2 of the project was estimated to cost £6.409m. This allowed for works already undertaken on Phase 2 demolition at a cost of £0.961m, further demolition works and an allowance for expected enabling works.
- 5.4 Tender submissions for the new Phase 2 demolition works have been received from BYUK and JF Hunt. The comparison of the final tender returns are shown in the table below. These submissions were received for demolition services

only. The submissions have been independently assessed on a value for money basis by the Council's cost consultant, Gardiner & Theobald.

Phase 2 Demolition cost comparison

	JF Hunt	BYUK	Difference
Final tender returns	£2,806,530	£2,928,103	£121,573

- 5.5 Following evaluation of the tender submissions, JF Hunt have been confirmed as the successful contractor.
- 5.6 Similar to Phase 1, the intention is for the contractor to also carry out a range of further related works such as enabling works as part of this contract. The total cost of this work for Phase 2 including inflationary adjustments and contingency is shown in the table below.

Phase 2 Demolition and Enabling costs

	Phase 2
Final tender returns Inc slab and obstruction removal plus contingency	3,992,527
Enabling Works	1,206,855
Early Phase 2 works (Pimlico and Mercer Blocks)	961,000
Contingency	248,756
Total	£6,409,138

- 5.7 In addition to the estimated cost for Phase 2 there will be additional costs for demolition of the new Phase 3 of the scheme. This is currently estimated at £2.480m. There is an overall value cap of £11.398m in the Original Demolition Contract. This sum is inclusive of the completed Phase 1 demolition and

enabling works costs and the Phase 2 and Phase 3 costs. Whilst the completion of Phase 1 and proposed phase 2 works does not breach that cap, the estimated value for the completion of the Phase 3 works at £2.48m will take the total over that value.

Demolition	Revised Cost	Cap Value	Difference
Phase 1 cost	£4.990 m		
Phase 2 cost	£6.409 m		
Phase 3 cost	£2.480 m		
Total Cost	£13.879 m	£11.399 m	£2.48 m

- 5.8 For the increase in contract price due to the inclusion of service disconnection and items assumed to be in a separate package, this will result in a corresponding reduction in other expenditure items within the overall scheme costs.
- 5.9 After taking into account these adjustments this will result in additional net cost to the scheme of demolition and enabling works of £1.7m. This additional cost will need to be taken into account when reviewing the scheme as part of budget setting for 24/25.
- 5.10 For the Phase 3 demolition, considering the above cost implications Phase 3 demolition will be re tendered closer to the time the demolition is required.

6 Legal Implications

- 6.1 WCC has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness - the best value duty.
- 6.2 WCC has a general power of competence under section 1 of the Localism Act 2011; this is the power to do anything an individual can do, provided it is not prohibited by other legislation.
- 6.3 As noted in the summary the Phase 2 demolition works are included within the Original Demolition Contract as a new Section of the Works on the condition that the written instruction to carry out the additional works be issued on or

before 1 July 2023. If the instruction is not issued by this date, WCC will lose the right to issue such instruction and the Phase 2 demolition works will need to be agreed under a new contract which is likely to require a retender of the works.

- 6.4 The Original Demolition Contract allows for Phase 2 demolition works to be split into several sections which would allow WCC to instruct the demolition of some of the buildings only. However the deadline for issuing the instruction for the remaining building(s) remains the same.
- 6.5 If an instruction is issued for parts of the Phase 2 demolition works only, such instruction will need to set out the revised rates for liquidated damages payable if works are not completed by the agreed Completion Date.
- 6.6 Other than the written instruction (including any revised liquidated damages (if applicable)) referred to above, the Original Demolition Contract will not require any additional changes to facilitate the instruction of all or parts of the Phase 2 demolition works.

7 Carbon Impact

- 7.1 The Ebury Bridge Estate development is a high performing sustainable development that utilises ground and air source heat pumps for the generation of all heating and cooling in the development. In addition, it provides infrastructure for electric car charging across all car parking provision in accordance with statutory requirements. The development is a low car development due to its proximity to public transport and connectivity. Although the development pays a small carbon offset payment, the development is far more carbon efficient than the current estate and sees this benefit materialise in Year 12.

8 Equalities Impact

- 8.1 WCC reviews and updates the relevant sections of the independent Equality Impact Assessment (EQIA) at key milestones during the project and a copy of the current EQIA is at Appendix 1.
- 8.2 WCC requires all partners, professional advisors, and contractors to align with WCC's equality duties and the requirements stipulated in the Considerate Contractors Scheme. The Considerate Contractors Scheme has made inclusivity a key objective and is actively requiring participants to recruit from under-represented groups.

9 Consultation

- 9.1 The consultation with Ebury Bridge Estate residents continues to be delivered consistently by the on-site community engagement team who have been based at the Ebury Bridge Estate since July 2017. The commitment of WCC to work with residents on key decisions throughout the project led to the establishment of the Ebury Bridge Community Partnership Group (**CPG**), formally the Community Futures Group (**CFG**). The CPG is the resident led steering group and the top tier of the Ebury Bridge engagement structure. This means that the residents have continued to play a key role in all strategic decisions and were consulted on the proposed tenure distribution options.
- 9.2 Ward members were supportive of the progress made on the construction of Phase 1 of the scheme and resident liaison carried out by the main contractor. It was noted that there have been no resident concerns raised with ward councillors in relation to construction work.

If you have any queries about this Report or wish to discuss further, please contact:

Paul Wilson, Senior Construction Manager at
pwilson1@westminster.gov.uk or 07966 167491

For completion by the **Cabinet Member for Climate Action, Regeneration and Renters**

Declaration of Interest

I have no interest to declare in respect of this report


Signed:  Date: 01 August 2023

NAME: **Councillor Matt Noble**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **Ebury Bridge Estate Renewal – Phase Two Demolition** and reject any alternative options which are referred to but not recommended.

Signed: 

Cabinet Member for Climate Action, Regeneration and Renters

Date: 01 August 2023

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

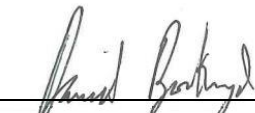
If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

For completion by the **Cabinet Member for Finance and Council Reform**

Declaration of Interest

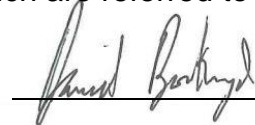
I have no interest to declare in respect of this report

Signed:  Date: 01 August 2023
NAME: **Councillor David Boothroyd**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled **Ebury Bridge Estate Renewal – Phase Two Demolition** and reject any alternative options which are referred to but not recommended.

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