

## Appendix A

### Heygate Estate Demolition Business Case

#### i. Outline Scope of Works

1.1 To ensure the most efficient procurement a single contract will be let for the removal of asbestos and for the demolition of all buildings and structures on the site [See Appendix B]. The works include the removal of the following;

- a. The district heating system including the boiler house and below ground ducts and chambers containing asbestos will be removed.
- b. Pedestrian bridges [over Heygate and New Kent Roads including any pipework/utilities] together with all ramps, access stairs and walkways.
- c. Demolition of the shell garage including the removal of underground fuel storage tanks.

1.2 The assumed phasing of the contract is shown in Appendix B. It should be noted that Crossway's Church has been indentified as a separate phase for the purposes of this business case. This site is not in the council's control. Action is being taken to identify alternative sites to enable the facility to be relocate however until such time as a solution is formally agreed it has been assumed that it may be necessary to plan for the retention of the building.

1.3 In addition to the assumptions in 1.1 and 1.2 the business case assumes the following;

- a. Sub Stations will be retained until future use is clarified.
- b. Crushed concrete will be retained on site to reduce lorry movements.
- c. The works will include the removal of the ground floor slab and sub structure/foundations.
- d. 3m security fence to be installed around site.
- e. Subject to the outcome of a contamination survey remediation works may be required.

#### ii Roles and Responsibilities

1.4 The proposed business case is based upon the council and Lend Lease having the following roles and responsibilities for the Heygate demolition;

- a. Lend Lease [Elephant and Castle] Limited will appoint Lend Lease Construction [EMEA] Ltd to act as Principal Contractor for the works.
- b. Principal contractor to lead on appointment of contractor for demolition and asbestos removal and for appointment s of technical consultants to undertake survey's and reports e.g. Asbestos type 3, intrusive fabric, aboriculturalist, ecology/bat etc
- c. Lend Lease to lead on consultation and communications with support from LBS.
- d. Lend Lease will be responsible for securing all necessary consents for the demolition works i.e. planning, building control, highways, environmental.

- e. The council will be responsible for submission of planning application for phase 2 security fence [with support from Lend Lease] and for securing any temporary stopping up orders necessary for implementing the works.
- f. The council will be responsible for securing Vacant Possession of site.
- g. The council undertakes to review licence granted to Oakmayne [which allows their contractors vehicles to use a route through the estate] to ensure that this does not prevent the programme for the demolition works from taking place.

#### iii Payment and Fees

1.5 Lend Lease have provided an initial cash flow for the demolition works [Appendix C] and project budget [Appendix D]. This is based on outturn figures from the phase 1 demolition. This cashflow represents a base case which will be used to monitor the project as it proceeds and is based on the following principles which will be applied to the project;

- a. Lend Lease [Elephant and Castle] Limited development management fees are to be capped at £275k, which represents a 25% discount to the standard 2.6% rate as set out in the Regeneration Agreement.
- b. Lend Lease [Elephant and Castle] Limited project management fees are to be capped at £275k, which represents a 25% discount to the standard 2.6% rate as set out in the Regeneration Agreement.
- c. Lend Lease Construction [EMEA] Ltd the Principal Contractor for the works will provide construction services for a fee of 2.4% of the contract sum
- d. The council to reimburse Lend Lease [Elephant and Castle] Limited on a monthly basis in arrears subject to provision of appropriate back up documentation [invoices from sub consultants/contractor].
- e. Lend Lease will reimburse all of the council's forward funding of the demolition works once the primary Conditions and First Building Conditions for the Heygate Phase are satisfied. The amount to be repaid will be indexed at TPI [Tender price Inflation]. The current assumptions in respect of TPI and therefore the total repayments to the council are set out in Appendix C.

#### iv Site Security

1.6 The council continues to own the site and is therefore responsible for management and maintenance of it. Therefore responsibility for site security will be as follows;

- a. Site remains in LBS ownership while surveys, utility disconnection and any other pre commencement works are undertaken. During this period the council is responsible for any on going site security and maintenance costs.
- b. The principal contractor will take responsibility for the site when the demolition contract commences. During this period Lend Lease/Principal Contractor are responsible for site security costs.
- c. Site reverts to LBS control once contract is completed together with any going security/maintenance costs.
- d. Both parties agree that there will be no public access to the site during the period of the demolition and asbestos removal contract.

#### iv. Procurement and Management of Works

1.7 The principles for the procurement and management of the works are to be as follows;

- a. Lend Lease and LBS will meet on a monthly basis to monitor progress against the base business case [including cash flow] and programme.
- b. Lend Lease undertakes to operate on an open book basis and to involve the council in the process to appoint the demolition contractor.
- c. Demolition and asbestos removal contract will be subject to competitive tender.
- d. All consultancy appointments to be competitively tendered. The exception to this are the following 3 consultants who are considered to have extensive technical knowledge of the estate and will therefore provide competitive prices for on going work;  
M&E – Hulley & Kirkwood  
Structural Engineering –Connisbee  
Asbestos Survey and independent supervision of asbestos removal –  
Merebrook

### **Base Programme**

1.8 Lend Lease have prepared a programme for the works [see Appendix E]. This has been informed by the information and knowledge gleaned from the phase 1 demolition site. It is therefore not based upon surveys of the actual buildings to be demolished. While the estate as a whole takes the form of a type of construction known as “large pre cast panel” there is still a risk that variations in asbestos, utilities, in ground conditions could be found that would have implication for the actual demolition programme. The programme therefore represents a base programme which will be used to monitor the project.

1.9 It is important to note that the commencement of the programme [and therefore the cashflow assumptions] are dependent upon all the pre commencement conditions being met i.e. agreement on the Regeneration Agreement variations, LBS business case sign off , agreement between LL [E&C] and LL Construction [EMEA] Ltd. The variations to the Regeneration Agreement will now be considered as part of the annual review of the RA which is scheduled for septmber/october of this year. The council will therefore need to confirm that it will underwrite Lend Lease costs for the period until the RA variations are agreed.

1.10 Demolition works fall within the scope of the Environmental Assessment Regulations. The physical demolition works cannot commence until this approval has been secured. The programme currently assumes that this key milestone will be achieved by October 2012.

1.11 The base programme also incorporates a Judicial Review [JR] period of three months following the decision to grant planning consent before the works are assumed to start. As a consequence the base programme assumes that the earliest that the demolition and asbestos removal contract can commence is April 2013. If these dates are not achieved then the start date will change and this will have implications for the base cashflow.

1.12 The base programme assumes that pre commencement surveys, utility disconnection and removal of meters, the procurement and erection of the security

fence for the northern part of estate, and the procurement of the demolition and asbestos removal contractor can all commence be in advance of planning consent/the end of the JR period.

### **Base Cash Flow**

- 1.13 Lend Lease have prepared a base case cash flow which is premised on the set of assumptions and principles set out in the above business case [Appendix C]. It should be noted that changes to the programme assumptions in particular would have implications for the cashflow. Regular monitoring reports will be provided to the Housing Investment Board on progress of the scheme against the base cash flow and programme allowing re-profiling of the budget to take place. A 10% contingency has been included in the budget.

### **Risks**

- 1.14 The main risks to the delivery of the base programme and therefore the cash flow forecast together with mitigation measures are set out in Appendix F.