

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3013

### Title: Demolition Contract for Rank Hovis Building, Royal Victoria Dock, London

#### Executive summary:

On 23 June 2019 a fire broke out on the sixth floor of Rank Hovis building (RH), causing substantial damage. Following the fire, demolition of the building is recommended to address safety risks.

The financing of the demolition project will be a mix of an insurance claim settlement and funds from GLA Land and Property (GLAP). It is anticipated that as part of the final agreement the Silvertown Partnership will reimburse the amount paid by GLAP at Phase 4 of the Silvertown Quays development scheme.

#### Decision:

The Mayor approves:

- expenditure, as set out in Part 2 of this decision, for a contract to complete the demolition of the RH in the Royal Docks, to address the existing safety risks and ongoing security and maintenance costs
- the use of the insurance claim settlement received towards the demolition costs.

#### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

21/7/22

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The Rank Hovis building (RH) is an asset, owned by GLA Land and Property (GLAP), within the 50-acre Silvertown Quays (SQ) development site in the Royal Docks Enterprise Zone. SQ is being developed by The Silvertown Partnership (TSP). A location plan is shown at Appendix 1. RH is adjacent to the Millennium Mills building, which is vacant, derelict and awaiting redevelopment.
- 1.2 The SQ site is subject to a Master Development Agreement with TSP, a joint venture between Starwood Capital and Lendlease. Outline planning permission for the whole site was secured in 2016, permitting the delivery of up to 3,000 homes and 7 million square feet of mixed-use space. Detailed planning permission was secured in 2019. A start-on-site ground-breaking event is planned to take place on 5 July 2022.

#### Rank Hovis fire

- 1.3 On 23 June 2019 a fire broke out on the sixth floor of the seven-storey RH building. Following this event, a detailed structural survey was commissioned via building surveyors at Avison Young (AY). This was required to ascertain the extent of the fire damage. The survey confirmed that the fire caused substantial damage to the upper floors and roof; and found considerable deterioration to most of the internal lateral wooden truss network, caused by water egress over several years.
- 1.4 AY's review of the structural survey findings was that the building should be demolished down to the ground-floor slab. This would prevent any further deterioration of the building due to adverse weather, reduce the risk of injury to trespassers and remove £2,000 per annum in costs for the maintenance of the fencing.

#### Insurance settlement and TSP funding

- 1.5 Following the fire, an insurance settlement figure was reached with the insurer. Receipt of funds has been confirmed by the GLA Finance team and will be used to partially fund the cost of the works. As the freehold interest in the land belongs to GLAP, it will bear the cost of the demolition until TSP acquires the land in 2029. The substantial damage to the building caused by the fire resulted in the need for the building to be demolished as soon as possible.
- 1.6 Entry into a written agreement with TSP will facilitate reimbursement of the balance of the demolition cost incurred, at the point development commences on the current RH plot. This is due to take place in 2029.

#### Procurement of demolition contractor

- 1.7 A strategy for the procurement of the full demolition of RH was finalised and has been endorsed by the TFL Procurement Panel.
- 1.8 An Expression of Interest (EOI) document, outlining the requirements of the contract, was issued to all 14 suppliers on the Demolition Lot of the CCS Construction Framework. Of the 14 suppliers, eight submitted an EOI response. The EOI included a capability questionnaire that required interested bidders to demonstrate appropriate experience from other projects with various constraints (including demolition near water, and in close proximity to other buildings; demolition of a fire damaged building; etc). All eight passed the selection criteria requirements and were invited to participate in the tender.
- 1.9 Five compliant bids were received from these eight, with three of the five then successfully passing technical evaluation criteria. Of the three successful bids the highest-scoring bidder overall (in line with the criteria detailed in the Invitation to Tender) was identified.

- 1.10 The successful contractor was able to demonstrate a wide range of experience on complex demolitions – both to gain a place on the CCS Construction Framework Demolition Lot, and in their response to this tender.

## **2. Objectives and expected outcomes**

- 2.1 The agreement to proceed with the recommended demolition will enable GLAP to demolish a fire-damaged building safely and effectively.
- 2.2 This will reduce the risk of trespassers injuring themselves and any associated reputational damage, and financial implications for GLAP.
- 2.3 Adopting the approach outlined in this decision, will reduce GLAP's ongoing maintenance cost by £2,000 per annum – currently spent on fencing and signage to secure the building.

## **3. Equality comments**

- 3.1 Under section 149 of the Equality Act 2010, as public authorities, the Mayor and the GLA are subject to a public sector equality duty and must have 'due regard' to the need to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- foster good relations between people who share a relevant protected characteristic and those who do not.

Protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.

- 3.2 The GLA will strive to lead by example on creating inclusive workplace cultures and workforce diversity and challenging personal and unconscious bias.
- 3.3 The Crown Commercial Services Construction Framework was used to invite contractors to tender for this project. The framework requires all contractors to respond to the questionnaire on equal opportunity, diversity policy and capability. All contractors on the framework had to respond and demonstrate compliance with the Equality Act 2010 to be granted a place on the framework.
- 3.4 RH demolition will enable the completion of Phase 4 of the SQ development, which will include construction of new homes that will contribute towards affordable housing in Newham. The SQ site currently benefits from an outline planning permission to deliver 3,000 homes. The TSP is preparing to submit a new planning application this year which will deliver a new mixed-use neighbourhood for Newham; and will see the number of homes increase to circa 6,000, of which 50 per cent will be affordable. The latter will eliminate unlawful discrimination; advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not.

## **4. Other considerations**

Delay in entering contract

- 4.1 Risk: A delay in entering the contract would increase the risk of the successful bidder revising their bid. Costs associated with the construction sector may continue to rise – which this contract could also be impacted by.
- 4.2 Mitigation: Award of contract is recommended following approval of this MD in order to secure the price submitted as part of the tender process.

#### Constrained demolition programme

- 4.3 Risk: Limited time within which demolition can commence due to protected birds' nesting season (ending in August) and commencement of bats' hibernation season (starting in November). Therefore, works need to commence in October; prior to this, Natural England's consent would need to be obtained.
- 4.4 Mitigation: Seeking the award of the contract as soon as possible. This will provide GLA officers and the successful bidder with sufficient time obtain the required consents and programming of work.

#### Impact on development programme

- 4.5 Risk: Impact on the programme, which may have a knock-on impact on the SQ development. If the programme is not met for the demolition this year, there will be ongoing impact on the construction works on the wider Silvertown site, including works to the Millennium Mills building due to be undertaken in 2023-24.
- 4.6 Mitigation: Seeking the award of the contract as soon as possible to enable demolition to take place this October, so as to not create further delay or negative impact to the construction programme for the wider SQ project.

#### Health and safety

- 4.7 Risk: Continuous health and safety risk to trespassers. Whilst the building remains in its current state, trespassers are exposed to a higher risk of injury due to the structural integrity of the building.
- 4.8 Mitigation: Continue with the proposed demolition of RH, which will remove the hazard and reduce the risk of injury to trespassers.

#### Liability of full demolition costs

- 4.9 Risk: GLAP bearing the cost of demolition (minus insurance) if the conditional agreement with TSP that accounts for the reimbursement does not materialise.
- 4.10 Mitigation: The TSP reimbursement cost agreement is currently being negotiated. Signing of the formal reimbursement letter by TSP will bring some confidence to GLAP that the reimbursement will be received in 2029. However, the letter may not be signed in time for the award of the contract to Rhodar (end of July 2022).

#### Conflicts of interest

- 4.8 There are no conflicts of interest identified from anyone involved in the drafting or clearance of this Decision Form.

### **5. Financial comments**

- 5.1 This decision requests approval to enter into contract with a specialist contractor and provide the necessary interim funding to demolish RH. Further financial comments are set out in Part 2.

## **6. Legal comments**

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA as set out in section 30(2). These purposes are:
- (i) promoting economic development and wealth creation in Greater London
  - (ii) promoting social development in Greater London
  - (iii) promoting the improvement of the environment in Greater London.
- 6.2 In formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people
  - consider how the proposals will promote the improvement of health of persons in Greater London, promote the reduction of health inequalities between persons living in Greater London, contribute towards the achievement of sustainable development in the United Kingdom and contribute towards the mitigation of or adaptation to climate change in the United Kingdom
  - consult with appropriate bodies.
- 6.3 The GLA, in this case via GLAP, has the power to do anything that facilitates, or is conducive of or incidental to, furthering one or more of the principal purposes set out in (i) to (ii) at 6.1, above. In addition, it has the power to acquire and hold land for regeneration purposes by agreement and under section 333ZA(1) and (8) of the Greater London Authority Act 1999. The contents of sections 1-3 of this Mayoral Decision indicate that the decision sought of the Mayor falls within the GLA's statutory powers.
- 6.4 GLAP must ensure an appropriate procurement process is undertaken for the works it intends to carry out at the site. Paragraphs 1.7 and 1.8, above, indicate that GLAP has complied with its requirements.

## **7. Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
MD approval obtained	Mid-July 2022
TfL Procurement approval	End July 2022
Completion of contract	August 2022
Project start on site	September / October 2022
Project completion (expected nine months post-contract award)	May 2023

### **Appendices and supporting papers:**

Appendix 1 – Location Plan

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 – Deferral****Is the publication of Part 1 of this approval to be deferred? YES**

If yes, for what reason: To allow the conclusion of negotiations with the developer.

Until when: 5 September 2022

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES****ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer**

Martina Perkins has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Sponsoring Director:**

Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Tom Copley has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 11 July 2022

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

*D. Gove*

Date: 14/7/22

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

*D. Bellamy*

Date 14/7/22