

# Report to Council

Agenda  
Item:

**18.**

Meeting Date: 7 January 2020  
Portfolio: Economy, Enterprise and Housing  
Key Decision: YES  
Within Policy and Budget Framework: YES  
Public / Private: Public

Title: Central Plaza Update  
Report of: Corporate Director of Economic Development  
Report Number: ED 03/20

## Purpose / Summary:

The report sets out the sequence of events leading to the programme of emergency works currently being undertaken to demolish the former Central Plaza hotel. The report also provides a detailed breakdown of the demolition works and their associated costs.

## Recommendations:

The Council is asked to:

- (i) note the contents of the report, in particular the schedule of demolition works and the breakdown of costs, and
- (ii) To note that the 2019/20 Capital Programme will be increased by up to £1.35million to fund the emergency works as detailed within this report.

## Tracking

Executive:	
Scrutiny:	
Council:	<b>7 January 2020</b>

## **1. BACKGROUND**

- 1.1 The Central Plaza was closed by its then owners, Best Northern Hotels, in 2004. The property was sold on three times over the next four years, with the last owners being Goldenfern Properties, who obtained the freehold in June 2008. Goldenfern Properties was formally dissolved in August 2012. The liquidator elected to disclaim the property resulting in it becoming subject to escheat to The Crown Estate.
- 1.2 The Crown Estate will not, by virtue of the property becoming subject to escheat, assume any liabilities for it. The Crown is not the 'owner' in any conventional sense and does not assume the ordinary responsibilities of an owner.

## **2. NEED FOR INTERVENTION AND POWERS RELIED UPON**

- 2.1 In the absence of any meaningful owner and maintenance, the structural condition of the building has progressively deteriorated. Section 78 of the Building Act 1984 provides that if it appears that a building or structure is dangerous and immediate action should be taken to remove the danger, the local authority may take such steps as are necessary.
- 2.2 On a number of occasions certain elements of the building have been at imminent risk of collapse, leading to it being considered to constitute a 'dangerous structure' that posed a risk to public safety. The City Council has been required to undertake various emergency works to the building under the provisions of Section 78, with the most recent in 2018.
- 2.3 The works undertaken in 2018 were substantial and involved the removal of masonry frontage, the decorative pediments, chimney stacks and a section of the roof in the interest of public safety. The total cost of the works was £650,000 bringing the total Council expenditure on the building at that point to £910,000.
- 2.4 In the absence of an owner it has not been possible for the City Council to recover these costs. The Council has sought to protect its position by registering a legal charge against the property, and will continue to do so, as regards further expenditure.

## **3. NATURE OF CURRENT IMMINENT RISK AND COST OF REMOVING THE DANGER**

- 3.1 By its nature, the Central Plaza has been included on the Corporate Risk Register and periodic inspections of the building have been undertaken as part of the ongoing monitoring of the structural condition of the building. An inspection was undertaken by the Council's Building Control Manager on 4 October 2019 that identified that a

significant internal structural collapse had occurred within the building. The Council then engaged the services of a structural engineer and an architect who undertook a joint site visit on 7 October. Initial reports from the structural engineer (Patterson Heggie) and architect (Aditus Design) that confirmed that that in addition to the collapse, structural movement had occurred, and the building was in a dangerous condition.

- 3.2 The City Council immediately commenced with a programme of enabling works on 8 October. This involved the protection of adjacent buildings and the introduction of 24-hour site security. In addition to the physical works, site investigation / survey work and digital mapping was also undertaken. The total cost of the enabling works is detailed in Section 3.10
- 3.3 Cumbria County Council were informed of the dangerous nature of the building on 8 October and in the interest of public safety, road closures were put in place from 3pm that day by Cumbria County Council's highways team.
- 3.4 A further visual inspection of the building was undertaken 15 October led by Swanton, a specialist structural engineering consultancy, supported by Drone pilots from the local police force who were able to fly drones over the building and record footage. The purpose of this inspection was to (a) Review the current state of the building and structural integrity and advise on risk of collapse and (b) advice on appropriate course of action.
- 3.5 The subsequent report was received from Swanton was received on the 24 October identified that masonry wall to the front quarter of the building and failure of the rear block was likely in the near future. Critically, it also raised concerns regarding the lifespan of the building over the winter months ahead. The report concluded that that the most appropriate course of action for the Council to obviate the risk posed to the general public was to undertake a controlled demolition of the building.
- 3.6 Ashcroft Demolition were subsequently invited to prepare a quote for the demolition of the Central Plaza building. A quote was received on 31 October setting out a cost of £947,600 for the demolition work with an additional £100,000 Prime Cost Sum (an allowance for the supply of work or materials to be provided whose price cannot be fixed at the time of tender). Supporting site investigation / survey work and digital mapping was quoted as £52,750. Scaffolding costs were quoted as £24,000. Therefore, the total costs of the proposed demolition are £1,124,350

- 3.7 Given the need to (a) expedite the demolition of the building and obviate the danger and (b) the fact that the activity was furtherance of the Council's powers under section 78 of the Building Act 1984, the decision was taken that it was appropriate to:
- engage Contract Procedure Rule 1(d) - that grants an exemption from Contract Procedure Rule 10 requiring tenders in specified circumstances.
  - Access the emergency element of the Council General Reserve Fund to the value of £1 million on the grounds of protection of persons or property to safeguard the interests of the Council.
- 3.8 The decision to access the emergency element of the Council General Reserve Fund and engage Contract Procedure Rule 1(d) to award the contract directly to Ashcroft was let by the Corporate Director of Economic Development following consultation with the relevant Portfolio Holder, the Leader, the Leader of the major opposition Political Group, the Town Clerk & Chief Executive and the Chief Finance Officer.
- 3.9 Appropriate due diligence was carried out on Ashcroft Demolition to ensure that the company had the ability and financial resources to undertake and successfully complete the demolition works. Based on the outcome of this review, a staged payment structure has been agreed between Ashcroft Demolition and the Council – which involves weekly invoicing that covers defrayed expenditure.
- 3.10 An Officer Decision Notice (ODN) was published on 6 November confirming that these decisions had been taken, which also set out the total cost of the demolition works – including the enabling works – of £1.35 million. The ODN also stated that an update report would be taken to Council in January 2020.
- 3.11 A detailed breakdown of the cost of the enabling and demolition work is shown below:

<b>Enabling works costs (expenditure incurred up to 10 November 2019)</b> <ul style="list-style-type: none"> <li>• Erection of hoardings</li> <li>• Boarding up of windows / doors</li> <li>• 24-hour site security</li> <li>• Engineering Surveys</li> <li>• Structural Engineer reports</li> <li>• Network Rail Basic Asset Protection Agreement (BAPA)</li> </ul>	<b>£226,900</b>
<b>Demolition costs (expenditure from 11<sup>th</sup> November)</b> <ul style="list-style-type: none"> <li>• Hire and set-up of site welfare facilities</li> <li>• Demolition of 2-storey building and installation of stone machine mat</li> <li>• Demolition of main hotel building leaving perimeter wall approximately 1.2m high above road level adjacent to West Walls and Victoria Viaduct</li> </ul>	<b>£1,124,350</b>

<ul style="list-style-type: none"> <li>• Scaffolding and rendering to newly-exposed gable wall of the West Walls Theatre building</li> <li>• Removal of all material from cleared site</li> <li>• Provision of full-time security until completion</li> <li>• Asbestos air monitoring and testing</li> </ul>	
<b>Total</b>	<b>£1,351,250</b>

#### **4. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The inspection on the 15 October concluded that the building was in a poor condition and raised serious concerns regarding the lifespan of the building over the winter months ahead. The report received on 24 October concluded that that the building posed a serious risk to the general public and the most appropriate course of action for the Council to obviate the risk was to undertake a controlled demolition of the building.
- 4.2 An Officer Decision Notice (ODN) was published on 6 November confirming that decisions to (a) access the emergency element of the Council General Reserve Fund and (b) engage Contract Procedure Rule 1(d) to award the contract directly to Ashcroft has been taken by the Corporate Director of Economic Development following consultation with the relevant Portfolio Holder, the Leader, the Leader of the major opposition Political Group, the Town Clerk & Chief Executive and the Chief Finance Officer. The ODN also set out the total cost of the demolition works – including the enabling works – of £1.35 million.
- 4.1 The Council is asked to:
- Note the schedule of demolition works and the breakdown of associated costs to remove the immediate danger outlined in the report;

#### **5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

- 5.1 The proposed emergency works will remove the immediate danger that the former Central Plaza building presents and therefore will contribute to the Priority to improve the quality of the local environment for residents, businesses and visitors.

**Contact Officer: Steven Robinson**

**Ext: 7535**

**Appendices**  
**attached to report:**

**Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:**

- **None**

**CORPORATE IMPLICATIONS:**

**LEGAL** - Section 78 of the Building Act 1984 provides that if it appears to the Council that a building or structure, or part thereof, is in such a state as to be dangerous and immediate action should be taken to remove the danger, then they may take such steps as may be necessary for that purpose.

In exercising its powers under section 78 of the said Act, the Council has necessarily been entering onto contracts with contractors to carry out the required actions. The Council's Contract Procedure Rules (CPRs) require tenders to be sought at specified financial thresholds. Given the urgency of the situation this was not possible and, in the short term, prior to the meeting of the Executive, the Town Clerk & Chief Executive, following consultation with the Chief Finance Officer, the Leader of the Council and the Leader of the Opposition, is able to grant an exemption from the CPRs. The matter must be reported to the next ordinary meeting of the Executive.

**FINANCE** – The General Fund Reserve was established as a general working capital and contingency to cushion the Council against, and to deal with, major unexpected events and emergencies. The reserve currently stands at £3.3million (31<sup>st</sup> March 2019) and the emergency works detailed in this report are deemed to be an appropriate use of the reserve. In normal events, approval to release funds from the reserve can only be given by Council as part of the budget process or through consideration of supplementary estimates on an ad-hoc basis; however conditions of use for the reserve in respect of the £1million emergency element have been revised, and can now be accessed where a critical need exists on the grounds of protection of persons or property or in any way safeguard the interests of the Council, through agreement with the Leader, Portfolio Holder and Leader of the main opposition party, and be subject to a report to the next available Council meeting. This report fulfils that requirement. Any expenditure incurred to date has initially been funded from the General Fund Reserve (emergency element); however, as part of the 2020/21 budget process, which includes revisions to the 2019/20 budget, it is proposed that the full costs of the emergency works (of up to £1.35million) be capitalised and charged to the 2019/20 Capital Programme and funded from available capital resources, which may include prudential or internal borrowing.

**EQUALITY** – None

**INFORMATION GOVERNANCE** – None