

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

ARSENAL RELOCATION - UPDATE

REPORT OF:

HEAD OF WASTE STRATEGY AND CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

7th July 2004

SUMMARY OF REPORT:

This report advises Members of progress with the relocation of the Authority's waste transfer station at Ashburton Grove to Hornsey Street. The construction and commissioning work has suffered some delays and co-ordination of these activities by the construction contractor has been poor. The Waste Strategy and Contracts team have therefore established a Co-ordination Team to ensure that the facility meets all of the Authority's requirements. The Construction Contractor is however expecting practical completion (and relocation of the Authority's operations) to occur on 23 July 2004.

RECOMMENDATIONS

1. The Authority is recommended to note the report

**Signed by Head of Waste Strategy
and Contracts**

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Date:.....

1. INTRODUCTION

- 1.1 At its meeting in April 2003 the Authority agreed to the relocation of its Ashburton Grove waste transfer station to a new waste transfer station and recycling bulking facility at Hornsey Street, Islington at a rail-side location to facilitate possible future rail transfer of the wastes. The relocation is to be provided by Arsenal Football Club, who require the Authority's existing site as part of the land required for their proposed 60,000-seat stadium. The new waste facility is part of a larger building designed to accommodate both the Authority's activities and those of LB Islington's vehicle depot and waste contractor ICSL Accord.
- 1.2 A Relocation Agreement requires Ashburton Properties Ltd (APL – a company belonging to Arsenal FC) to pay for the design, construction and proving of the new waste facility, which they will then exchange for the Authority's land (APL has a parallel agreement with LB Islington for their land). The Authority and LB Islington will each have a long-term leasehold interest in the new site that is effectively a freehold interest. The Authority and LB Islington will let relevant parts of the new facility to their contractors and will pay their contractors to operate specified services.
- 1.3 This over-arching Relocation Agreement that governs the whole transaction was signed on 8th October 2003. The Authority simultaneously agreed a secondary Relocation Agreement with LondonWaste Ltd (LWL), including a contract variation and sub-lease for operating the new facility. The main relocation agreement was conditional on APL achieving financial close with its bankers. This was achieved on 21st February 2004. Arsenal re-commenced work on the Hornsey Street Waste and Recycling Centre (WRC) in January 2004 with "Practical Completion" expected on 23rd July 2004.
- 1.4 Practical Completion is the point at which the Independent Engineer, acting as contract administrator for the building contract, certifies that in his opinion the works are complete to the extent that the Authority and LB Islington can take possession (with only minor defects left to remedy) and the Authority exchanges its freehold interest in Ashburton Grove for its 999-year leasehold interests in the Hornsey Street WRC. The Authority is also using it as the trigger for the exchange of consequent agreements with LWL, our tenant and contractor at Ashburton Grove.

2. RECENT PROGRESS

Facility Design Changes

- 2.1 At the time of writing this report, over 120 minor design change notices and clarifications have been requested by the construction company - Sir Robert McAlpine Limited - or by Arsenal FC, each however requiring thorough examination. These continue to be reviewed by the Strategy and Contracts team together with the Authority's Technical Consultant.

Facility Construction

- 2.2 Construction at the facility has continued to progress and several of the Authority's areas have been handed over by the construction contractor - Sir Robert McAlpine Limited (SRM) - for review prior to these being formally passed for approval to the Independent Engineer who has responsibility for determining when the facility is Practically Complete, as above.
- 2.3 Other areas of the construction have experienced delays including the Authority workshop and part of the basement compactor area, and weighbridge offices and control room on the first floor. SRM still expects the facility to be completed in time for the current projected Practical Completion date of 23rd July, and this seems likely, but no independent confirmation of this timetable is currently possible.

Commissioning

- 2.4 The Authority and LWL have continued to attend fortnightly Practical Completion meetings to assist the Construction Contractor and the Independent Engineer in commissioning the facility. Several commissioning tests have been undertaken satisfactorily in accordance with a schedule agreed with the Strategy and Contracts Team.
- 2.5 However, co-ordination of the construction and commissioning process has been poor, with the Authority not receiving updated programmes for these activities since 23 April. Although weekly progress reports have been provided, these do not facilitate planning the review of the facility that the Authority should do before Practical Completion to protect its interests.
- 2.6 As a result the Authority has established its own Coordination Team to undertake its own construction and commissioning checks and to ensure that the facility is fit for purpose, in accordance with the Employer's Requirements within the Relocation Agreement and to check that the Authority is satisfied that the facility is Practically Complete. Additional resources have been arranged from the Authority's Technical Consultant – Fichtner Consulting Engineers Limited – at the expense of Arsenal FC, to ensure that a comprehensive review of the Practical Completion process can be undertaken. The Authority's contractor – LWL – has active representation on the Coordination Team.
- 2.7 Pre-snagging has subsequently commenced on those areas of the building handed over by the construction company and a co-ordinated snag list is now being maintained. A further part of the Practical Completion process is reviewing a Completion Checklist of documentation specified under the Employer's Requirements. This process has commenced and missing items and the Authority's detailed requirements are being identified to Arsenal FC's agents.

Proving

- 2.8 The Authority has assisted SRM by drawing up a Proving Schedule defining the detailed functional tests of the compactors and traffic management systems, crucial for evaluating the effective capability of the facility for its full operational life in accordance with the Employer's Requirements. The Authority is closely monitoring the Proving Process to ensure that these tests are carried out correctly.
- 2.9 The Proving Process commenced on 21st June, in accordance with this Schedule, with training of LWL staff on the operation of equipment. By the time of the Authority's meeting, Proving will have progressed to testing the throughput capacity of the six compactors. These tests involve the direction of waste vehicles, first from LB Islington and LB Camden, and later LB Hackney, from Ashburton Grove to the new facility.
- 2.10 It is expected that the final Proving Tests, (which assess the capability of the facility to process the equivalent of 1,100 tonnes per day that it is projected may arise in the catchment area by 2015), will be completed by 23rd July, or possibly sooner.

Practical Completion

- 2.11 If the Proving Tests are completed satisfactorily, and the rest of the building is deemed Practically Complete, then the Independent Engineer will notify the Authority of his intention to declare Practical Completion. The Authority then has 10 days to make representations to the Independent Engineer if in its opinion the facility is not Practically Complete, but it is the Independent Engineer who will make the final decision on this matter.

Timetable

- 2.12 Arsenal FC's latest programme timetable is now as follows:

PROGRAMME	DATE
Planning Application	End of May 2001
Public Consultation	June/July 2001
Amendments to Planning Application	Received 18 September 2001
Decision by LBI Special Council	Approved 10th December 2001
Decision by Mayor of London	Approved 10th January 2002
Decision by Secretary of State	Approved 20th February 2002
Commence site clearance at Hornsey Street	July 2002
Commence construction at Hornsey Street	September 2002

Commence temporary access arrangements at Ashburton Grove	March 2003
Agree Terms with NLWA	8 October 2003
Agree Terms with LB Islington & ICSL Accord	8 October 2003
Recommence construction at Hornsey Street	January 2004
Financial Close	21 February 2004
Compactor Proving and Testing Period	21 June – 14 July 2004
Vehicular Capacity Proving	19 July – 23 July 2004
Practical Completion - Hornsey Street Fully Operational	23 July 2004

3. RECOMMENDATION

3.1 The Authority is recommended to note this report.

4. COMMENTS OF THE FINANCE OFFICER

4.1 The Authority's 2004/05 approved budget allows for the cost of the new facility becoming operational in July 2004. The additional operational cost is estimated to be £1.405m in 2004/05 and £1.9m in a full year.

5. COMMENTS OF THE LEGAL ADVISER

5.1 The Legal Adviser's comments are incorporated in the report.

Local Governments Act 1972 – Access to information

Reports to the Authority:-

Arsenal Relocation Update Report, 5/2/03, 23/4/03, 17/12/03, 28/4/04

Contact Officers: Andrew Lappage, Head of Waste Strategy & Contracts
 Will Gardiner, Principal Strategy and Projects Officer
 Contract House
 Tottenham N17 9AY

Tel: 020 8489 5730 Fax: 020 8365 0254
 Email: post@nlondon-waste.gov.uk

Report Ends