

Case Study: Group 3
Ceramics Factory, Midlands, UK

The site is a 3Ha factory site dating from the early 20th century and located in a residential area. Historically it was used for manufacturing auto parts but its current owner manufactures specialised ceramics with military and electrical uses. The business is successful and has been looking to modernise its manufacturing facilities, and the current site is no longer suitable. An opportunity has arisen to buy a purpose built new facility on a new industrial estate in the town.

The directors of the parent company approved the move on the condition that it could be funded by the sale (and liability transfer) of the present site, without adverse short term cashflow impact and with no more than two weeks interruption of production. There is high demand for house building land in the town and a housebuilder is keen to buy the site, and has obtained conditional consent for residential development) from the local authorities. The housebuilder is experienced at Brownfield redevelopment and is of good reputation. However the housebuilder has insisted on a condition of sale that he must be able to start building the new houses within three months of the completion of the purchase.

A soil and groundwater investigation was carried out (a requirement of the development consent) and this has revealed impact to soil and groundwater from chlorinated solvents and hydrocarbons to a depth of 5m (aquicard level) below the site. The impact affects mainly the southern half of the site but there are also two localised hotspots in the centre and north of the site. As a result a condition has been placed on the development consent that remediation of each phase of the housing development must be completed before housing construction commenced on that phase. The residential surroundings of the site preclude large scale excavation and removal due to traffic concerns. The service provider for the soil and groundwater investigation has been asked to propose a turnkey solution for the remediation that will meet the timescale needs of both closing organisation and housebuilder purchaser.

Demolition of the existing factory buildings is also required and whilst not technically difficult there is approximately four months of site works to be carried out. Demolition will be carried out by a service provider appointed by the housebuilder.

Exercise

You are the director with responsibility for the move and have also been given responsibility to negotiate the sale agreement with the housebuilder and manage the service agreement with the service provider. You have a lot of discretion in negotiating the sale deal, provided that the time frame requirements of both parties are met, and the liability transfer is successful.

Prepare an outline of a site closure action plan including:

- Aspects and Impacts to be considered in the site closure
 - Eg: Legal/regulatory context
 - Divestment/liability transfer context
 - Closure strategy
 - Closure management
 - Demolition, remediation, restoration
- Issues and Priorities of the site closure
- Business consequences of closure actions
- Actions and tasks list for the site closure.

Based on this experience, how would you draw up a “Roadmap” for site closure?



Ceramics Factory, Midlands, UK



Ceramics Factory, Midlands, UK

3 Ha site. Closed in 2005 due to relocation of activities locally to modern facility. Closure and relocation costs to be paid for by sale of site for housing redevelopment. Historical contamination by chlorinated solvents and hydrocarbons (mainly in southern half of site but also two hotspots in centre/north) required remediation as well as decommissioning and demolition, however timescales compressed due to site purchaser (housebuilder) requirement for early start to building.



Ceramics Factory, Midlands, UK

Problems:

- Compressed timescale objectives (quick sale, early build start)
- Contamination extending to 5m depth below factory buildings
- Interface between demolition and remediation
- Scope/extent of remediation works needed
- Requirement for early service provider appointments (remediation, demolition)



Ceramics Factory, Midlands, UK

Adverse Consequences:

- Closure, completion of sale contract, remediation, demolition all happening concurrently
- Interaction of closing organisation and site purchaser either side of sale completion
- Space constraints on working areas on site

