

## Report to the Cabinet

Meeting to be held on Thursday, 7 July 2022

### Report of the Director of Strategy and Performance

#### Part I

Electoral Division affected:  
(All Divisions);

**Corporate Priorities:**  
Delivering better services,  
Protecting our environment.

### Works to Operational Premises - Condition Led Programme

(Appendix 'A' refers)

Contacts for further information:

Simon Smith, Tel: (01772) 535467, Property Asset Manager - Capital,  
simon.smith@lancashire.gov.uk

Michael Peppin, Tel: 07974 590019, Property Asset Principal,  
michael.peppin@lancashire.gov.uk

#### Brief Summary

This report sets out the proposals for the allocation of capital funding to address a phase of high priority building condition repairs and statutory programmes of remedial works to the operational premises portfolio.

This is deemed to be a Key Decision and the provisions of Standing Order No. C19 have been complied with.

#### Recommendation

Cabinet is asked to approve the proposed list of condition and statutory compliance schemes across operational premises, detailed at Appendix 'A'.

#### Detail

This is the next phase of capital condition programme works for operational buildings. The aim of the programme is to address essential condition and statutory compliance works across the operational buildings portfolio. It is anticipated that there will be further programmes of work as the cycle of condition surveys, fire risk assessments and statutory compliance testing continues across the portfolio identifying further priorities.

The works have been identified through undertaking condition surveys and compliance testing regimes, through a process of cross-referencing asset management building condition and statutory compliance data held by the county council.

Analysis of the operational buildings condition indicates there is approximately £36m of outstanding Priority 1 works required to address essential condition and statutory compliance works across the portfolio. This is the first year of a three-year programme to address these Priority 1 works. Additionally, there are Priority 2, 3 and 4 works which will need to be considered and included where appropriate to prevent further deterioration.

Officers have formulated a schedule of year one Priority 1 works, and the recommended approach to managing this backlog, which are set out at Appendix 'A'.

**Priority 1.** *Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.*

The programme has been formulated using the most current information available, but from experience on earlier programmes, and the complexities of assessing the condition of existing buildings, there could be a risk that further issues may become apparent across other areas of the portfolio. With this in mind, a significant contingency is recommended, which will be available to capture any additional works or justifiable projects which become evident during the delivery of already identified works and which meet the criteria, and these will be added to the programme in accordance with the financial regulations.

It is accepted that it will not be possible to address all high priority issues in all buildings and a three-year programme aims to address the Priority 1 works. In addition, there is also an allowance in the programme to undertake further investigations and specialist surveys on buildings where there is deemed to be a potential risk due to the age, type of construction or condition. In particular, there is a need to review existing concrete and/or steel frame system building construction across the property portfolio. These investigations will assist in managing risk and determining priorities in future programmes of work. As part of the strategic asset management process each project will be reviewed prior to commencement to ensure that the need for the work remains. In some instances, the cost of works may be prohibitive, and proposals put forward to identify more cost-effective accommodation solutions.

## **Carbon Reduction Strategy**

Working with the North West Energy Hub, a review of the energy use and carbon emissions of the county council's property assets is underway and will identify which buildings may be suitable for intensive decarbonisation measures that in turn will form the basis of a strategic approach to carbon reduction. With regard to addressing building condition, where heating systems require wholesale replacement each project will be considered individually for suitability for a low carbon heating solution. Consideration will be given to the building fabric, heat load of the building, occupant

needs, local electricity infrastructure and projected running costs as part of the initial feasibility. There may be additional costs associated with consequential improvements to a building as a result of this approach, a contingency amount has been allowed for in the programme.

In the past the Operational Buildings Condition Led Programmes were based predominantly on the condition of the building structure, fabric and services; with the highest priorities being ranked according to risk of building closure or Health and Safety risks. These condition priorities will still form the basis of the programme; however, it is proposed to incorporate a focus on carbon reduction, taking a more holistic approach to the building and its operational use.

It is recognised that due to the wide range of construction types and age of the Lancashire County Council property portfolio, there cannot be one approach for all buildings. Some will not be suitable for a low carbon heating option without significant enabling works and consideration will need to be given to the operational needs of each building. However, by replacing heating systems or upgrading building fabric to meet current building regulations, such works can have a beneficial impact on the level of emissions.

As part of the strategy to reduce carbon emissions, all relevant projects will be supported by a low carbon consultant who will formulate a bespoke plan to help identify and minimise energy consumption. As well as providing guidance on good energy management to reduce waste, each property will be issued with a recommendations report to highlight areas for future improvement.

By taking a long-term view, improvement works can be phased to ensure carbon reductions are achieved without placing an unmanageable burden of increased operating costs on the premises budget that can be associated with the change from gas to electricity.

## **Delivery**

All schemes will be commissioned with, and delivered by, Lancashire County Council's Design and Construction Service. The delivery timescales will be dependent on several factors linked to the practicalities of undertaking the work in occupied premises which would have an impact on service delivery. It is anticipated that year one of the programme will be delivered when possible and this will likely be over the next two financial years, with approximately 40% of the proposed programme being delivered in 2022/23 and the remainder of the year one programme being delivered in 2023/24.

## **Consultations**

N/A

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

Buildings have been maintained on a minimal wind and weather tight basis for a number of years with a backlog of remedial works. This programme sets out a managed approach to address this backlog however if the recommended work is not undertaken the risk would be managed by further regular reactive maintenance to 'patch' the problems. In some cases, further deterioration of the building fabric or discontinued components would result in partial or full closure of the property until significant emergency repairs could be undertaken.

Due to the nature of building maintenance works, the full extent of repairs required may not be apparent until the building infrastructure is exposed, which may result in the need to undertake additional work and therefore increased project costs.

Furthermore, there may also be genuine severe condition need projects that come to light, and it is recommended therefore that a contingency is included to be approved and managed by the Asset Management Service. The contingency will also be available to support any inflationary pressures which this programme may be subject to. This contingency figure is included in the overall programme value.

## **Financial**

The approval of these schemes is requested as part of a programme of works within the property element of the Capital Programme. The proposed programme is set out at Appendix 'A'. Provision was made in February 2022 for this anticipated work as part of the 2022/23 Capital Programme for this work acknowledging that this is one third of the costs relating to one fifth of the property portfolio that has been surveyed. There is a need to reduce the portfolio of buildings where possible to reduce the potential future ask to a more sustainable annual amount. The revenue implications of the borrowing to fund this year's allocation is £801,000 per year for 20 years.

## **Procurement**

The selection of contractors to undertake the capital works will be carried out in full compliance with the Public Contract Regulations 2015, either through the use of an established framework or through undertaking a compliant procurement exercise where appropriate.

## List of Background Papers

Paper	Date	Contact/Tel
-------	------	-------------

None

Reason for inclusion in Part II, if appropriate

Appendix 'A' contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. It contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.