

**Report to the Cabinet**

Meeting to be held on Thursday, 11 July 2024

**Report of the Director of Strategy and Performance**

**Part I**

Electoral Division affected:  
(All Divisions);

**Corporate Priorities:**  
Delivering better services;  
Protecting our environment;

**Lancashire County Council Building Condition Programme**

(Appendix 'A' refers)

Contact for further information:

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 approved 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. C18 have been complied with.

**Recommendation**

Cabinet is asked to approve the proposed list of condition and statutory remedial works to the operational premises portfolio, detailed at Appendix 'A'.

**Detail**

**Operational Buildings Condition Led Programme**

The aim of the programme is to address essential repair and maintenance works, compliance and health and safety issues across the operational buildings portfolio. There are over 500 buildings within this portfolio which comprises sites and buildings across Lancashire which the county council uses to deliver its services. This essential repair and maintenance work has been identified by undertaking a programme of



condition surveys and cross-referencing Asset Management building condition data with information from design and maintenance colleagues within the Building Group. Works are classified in order of priority and condition in accordance with government guidance:

*'Asset Management Plans, Section 3: Condition Assessment ISBN 1 84185 084 5'*

### **Priority Grading**

The following priority grades are recommended in the context of a five year planning period:

**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.

**Priority 2.** Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation.

**Priority 3.** Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation.

**Priority 4.** Long term work required outside the five year planning period that will prevent deterioration of the fabric or services.

Following the government guidance "Good Estate Management for Schools", approximately 20% of the council's building portfolio should have a condition survey undertaken each year. Therefore, every building would be reviewed over a 5-year survey cycle. This approach for schools is also used for the operational buildings portfolio.

### **Condition of the operational buildings portfolio**

The operational buildings portfolio has had limited investment and minimal repair and maintenance work undertaken for over a decade. This has been in some cases due to the uncertainty of the buildings' future and suitability for service delivery (condition, running costs, size, location, etc.), along with the ongoing property review work. Resources have also been directed to School delivery in 2023/24 leading to a delay in the 2023/24 delivery programme.

The cumulative effect of this approach has been to create a significant maintenance backlog. Buildings have been managed through a limited repair and maintenance budget on the basis of minimal expenditure to keep the buildings open and occupying service operational. With over a decade of accumulated building deterioration many buildings have reached a point where this approach is no longer feasible, requiring large scale replacement of main building elements, e.g. roofs, heating systems, electrical systems, windows, external cladding, etc.

At Full Council in February 2024 a funding allocation of £10m was approved for 2024/25 delivery. However, there is an unallocated balance of funding on this



programme from previous years' approvals for which schemes had not yet been put forward and it is proposed to utilise £3.0m of this unallocated approval as this is considered to be a realistic and achievable delivery target for this years' programme. Therefore, the 2024/25 programme will be approximately £13.0m, leaving approximately £4.9m in the unallocated contingency balance.

A new operational buildings condition led programme has been formulated for the current year (2024/25) using the most up to date information available. From experience on similar programmes and the complexities of assessing the condition of existing occupied buildings, there is a risk that further issues may become apparent across the portfolio. Therefore a significant contingency is recommended and has been included to capture any additional and unforeseen works which arise during the delivery of the programme.

Project Variations or new unforeseen projects will be funded from savings made within the programme and/or from the remaining unallocated balance of the operational buildings condition led programmes', previously approved by Cabinet.

Variations to the programme will be approved in accordance with the Scheme of Delegation to Officers, the Capital Board and Cabinet in accordance with the financial regulations.

A programme of the highest priority works is set out at Appendix 'A' which is exempt from publication for the reason set out below.

## **Decarbonisation**

Where heating systems require wholesale replacement each project will be considered individually for suitability of a low carbon heating solution. Consideration will be given to the building fabric, heat load of the building, occupants need, local electricity infrastructure and projected running costs as part of the initial feasibility. There are likely to be additional costs associated with such consequential improvements and adopting a fabric first approach to a building, therefore a Carbon Reduction contingency amount has been allowed for in the programme.

## **Strategic property review**

The proposed programme has been prepared in conjunction with the strategic Property Review Team. As part of the Strategic Targets, the Asset Management Service has been charged with delivering £4.0m savings from the annual Corporate Property Running Cost Budget. An initial focus has been on properties that have the highest running costs and/or are in the worst condition. Buildings which are under review or where their long term future is uncertain, have been excluded from the proposed programme at Appendix 'A'.

Through review of the proposed programme and review of specific premises, if there is a known commitment to a building, this will have resulted in some 'paused for review' projects being restarted, and similarly if a premises is included in the programme and subsequently is subject to review, then the project will be paused before it is started until the review is complete and future known.



## **Delivery of the operational buildings condition led programme**

The Asset Management Building Group delivers this programme of work for the county council over a 2 year delivery programme. Typically, projects are scheduled around the schools condition led programmes with the majority of schools work being organised for the holiday periods.

Once the proposed programme has been approved by Cabinet, it is considered important to deliver the projects as quickly and efficiently as possible for the benefit of the occupying service and people of Lancashire.

Over the past few years the schools condition led programmes have received larger condition allocation from government than in previous years. This increased demand of technical expertise has placed additional pressures on the Building Group. With increased workload and the constraints of working during school holiday periods, it may be necessary to extend the delivery programme to a third summer holiday period for selected projects, in particular for works that are weather dependent. Undertaking weather dependent works outside of the summer period potentially increases costs and elongates delivery timescales.

## **Significant operation building portfolio requirements**

In addition to the general condition of the operational buildings portfolio there are current significant condition/improvement works required on certain groups of buildings identified below. A longer term funding strategy is required for these buildings, as current funding allocations are insufficient to deal with the backlog of repair and maintenance work on these buildings.

### **County Hall Complex**

- Repair & Maintenance strategy - A working group has been established to review the needs of this complex, prioritise the works and develop a programme of repair, renewal and improvement works. A roofing programme started in 2023, for which further funding is required for the next phase of works which are estimated to cost around approximately £4m including fees. It is not feasible to deviler this work within a single phase, therefore £2.6m has been included in the 2024/25 proposed programme.
- County Hall accessibility - Accessibility to the locally known County Hall Old building which faces Bow Lane is restricted, mainly due to floor level differences and limitations of the existing open 'caged lift'. This lift has been assessed by the structural engineers and cannot be used or upgraded. Therefore a new external lift has been designed to enable access to the old building, the estimated cost ranges from approximately £1.9 - £2.3m including fees, depending on the level of accessibility required. This work has not been included in the 2024/25 proposed programme.
- Records office and archive building - Both buildings require new roofs, the greatest priority is the archive building which has National Archives accreditation and this is currently under review. This building stores Lancashire's archives dating back 900



years. The estimated cost of the archive building roof is approximately £1.2m including fees. This work has been included in the 2024/25 proposed programme.

## Historic Buildings

- Included within the operational buildings portfolio are a number of heritage buildings and Lancashire County Council is responsible for the historic buildings listed below. The unique nature of these buildings requires specialist materials and workmanship at significant increased cost. Some buildings have been surveyed by conservation specialists, and reports and budget costs are being prepared. Only essential high priority work at Lancaster Judges Lodgings has been included in the 2024/25 proposed programme.

Grade I Listed:

- Borwick Hall (currently under strategic property review)
- Gawthorpe Hall
- Lancaster Castle
- Lancaster Judges Lodgings
- Queens Street Mill (application to Arts Council England currently being submitted to fund the roofing replacement)

Grade II Listed:

- Helmshore Textile Mill (also a scheduled ancient monument)
- Preston Museum of Lancashire

A separate historic buildings report will be submitted to Capital Board when the full extent of works and costs are available from the conservation specialists.

## Adult Social Care

- **Homes for Older People**

The Homes for Older People buildings are required to meet Care Quality Commission accreditation standards, this together with their intensive 24/7 use and general standard of condition, requires more targeted funding.

Therefore for the 2023/24 condition led programme new budget lines were included and ringfenced to deal with specific service need and condition need works. The service need budget is managed in conjunction with the head of service to ensure that limited available funding is targeted and meets the highest needs of the service. A similar proposal has been included in the 2024/25 proposed programme.

This approach has been successful and consideration should be given in future programmes for a similar approach to other service areas, e.g.



- **Disability Services**  
Day Centres  
Short breaks units for adults  
Older peoples day services
- **Childrens Social Care**  
Respite homes  
Childrens residential homes

## Waste Portfolio

The nature of the waste service portfolio, its condition and operational needs requires specialist expertise. The extent of specialist repairs across this portfolio is uncertain. For example, specialist repairs are required to five of the loading bays at Preston Waste Transfer Station. Repairs to one bay are complete costing £250,000, a report to Capital Board has previously been submitted requesting a further £1.245m to complete the remaining bays. Capital Board has suggested that this work will be funded from the unallocated contingency balance of the operational buildings condition led programme.

## Appendices

Appendix 'A' is attached to this report. For clarification it is summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Proposed list of condition and statutory remedial works to the operational premises portfolio

## Consultations

N/A

## Implications:

This item has the following implications, as indicated:

## Legal

The programme of works listed at Appendix 'A' is considered the highest priority condition works and are included to mitigate risk to the county council.

## Financial

From 2022 an allocation of approximately £10m per annum has been approved for funding schemes relating to Building Condition – not all of this funding has been allocated to projects in prior years for various reasons leaving £7.9m unallocated. A further approval of £10m in February 2024 means there is £17.9m available to address building condition works. This proposed 2024/25 delivery programme of approximately £13.0m will leave approximately £4.9m in the unallocated balance.



## **Risk management**

Buildings have been maintained on a minimal wind- and weather-tight basis for a number of years with an increasing 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.

The condition survey team undertake inspections of the operational buildings portfolio which are recorded on the county council's Property Asset Management System. Additionally the area District Surveyors are familiar with, and undertake, repair and maintenance on these buildings.

There may be further unknown risks, such as the more recent Reinforced Autoclaved Aerated Concrete building construction issue highlighted in schools and hospitals. However, risks are mitigated by the combined activities of Asset Management, Facilities Management and the Building Group which provide a measure oversight and reassurance.

There is an allowance within the proposed programme for unforeseen risks which require further investigation and/or specialist surveys.

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.

The current economic conditions continue to pose further risk to delivery of this programme. Restricted material and labour availability has significantly increased costs within the construction industry, anticipated costs and inflationary increases have been included within this programme.

## **Procurement**

The selection of contractors to undertake the capital works will be carried out in full compliance with the relevant procurement legislation.

Procurement exercises that commence after the entry into force of the Procurement Act 2023, on 28 October 2024, must be conducted by reference to this Act only, whilst those procurements that were commenced under the previous legislation (the Public Contracts Regulations 2015) must continue to be procured and managed under that legislation. Any contracts or framework agreements awarded under the previous legislation will continue to be managed under that legislation until such a time as the contract, or commercial tool ceases to exist.



## List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. Appendix 'A' 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.

