

24th JULY 2018
KEY DECISION: NO

REPORT NO. LEG1807

RENDER REPAIR AT NO. 168 HIGH STREET, GUILDFORD

SUMMARY AND RECOMMENDATIONS:

168 High Street, Guildford, is one of the Council's investment properties. A recent building condition survey has identified the need for urgent works for which no budget is available in 2018/19. The cost of these works will be recoverable from tenants over the next three years via the service charge.

Cabinet are recommended to agree a supplementary estimate of £65,000 to fund these works.

1. INTRODUCTION

- 1.1 The purpose of this report is to seek an additional item of £65,000 to enable urgent works to take place to 168 High Street, Guildford.
- 1.2 This is not a key decision

2. BACKGROUND

- 2.1 The Council acquired 168 High Street, Guildford, in 2016 for £6.75m.
- 2.2 The property is mixed use, with retail at the front, and offices at the rear.
- 2.3 At the point of purchase, the property was subject to five tenancies, on 15-year tenancy of the retail, and four 5-year tenancies to the offices (individual suites). All of the tenants are required to pay a fair proportion of the repair and maintenance of the property.

3. DETAILS OF THE PROPOSAL

General

- 3.1 In 2017, it was identified that the external render to several parts of the property was degrading rapidly and had failed. This was partly due to a lack of coping stones/metal coping.
- 3.2 At the time, the cost of repairing the render was £35k, excluding non-repair related costs. The cost of this work is rechargeable to the tenants.
- 3.3 A decision at the time was taken to not proceed, on the basis that the four office leases had service charge caps preventing the council from

recovering the majority of the cost, and it was too late in the year to complete the works (they need to take part in the summer months).

- 3.4 The damage to the render has significantly worsened, to the point where it needs to take place in 2018.
- 3.5 The total cost of the repairs is estimated at £50,000, including contingency. Additional costs including the licence agreement from Santander to allow us to erect scaffolding on their land, and re-providing car parking spaces, which bring the total cost of the works to £65,000.
- 3.6 The cost of these works is fully recoverable from the tenants, however this initially needs to be funded by the Council. A brief table showing what amounts will be collected from the different service charge years (backdating to 2016)

Service Charge year	Amount
2016/2017	£25,000
2018	£20,000
2019	£15,000
2020	£5,000
Total	£65,000

- 3.7 It is anticipated that the full amount of the works will be recovered by 2020, with the exceptions of any vacancies where the Council would need to cover the service charge cost.

Alternative Options

- 3.8 Delaying the works to the next financial year was considered but dismissed as the condition of the building is likely to worsen and represents an increased health and safety risk.

4. IMPLICATIONS

Risks

- 4.1 There are health and safety risk when the works are carried out, due to the building being occupied. This is mitigated by ensuring the design and layout of the scaffolding does not block any fire exits, and making sure the contractor has considered and is taking all reasonable precautions to prevent injuries, by providing risk assessments, and ongoing site visits.

Legal Implications

- 4.2 As the landowner, we are legally obliged to maintain the property to an acceptable standard by the leases to the tenants. Not doing so would result in the council being in breach of the covenants of the leases.

Financial and Resource Implications

- 4.2 The Council will need to incur costs of £65,000 in 2018/19, which will be recovered by 2020.

- 4.3 The additional cost of £65,000 in 2018/2019 is equivalent to an increase of £2.10, or 1.057% on the Council Tax.

5. CONCLUSIONS

- 5.1 The proposal is being made, due to the health and safety implications that would arise if the works were delayed another year.
- 5.2 The proposal is in the best interest of the Council to protect its position, and its commercial asset.

BACKGROUND DOCUMENTS:

Cooper & Withycombe report dated 1st September 2017

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