

**16<sup>th</sup> October 2018**

**KEY DECISION: NO**

**REPORT NO. LEG1810**

**REPAIR OF BOUNDARY WALL AT NO. 252 ASH ROAD, ALDERSHOT**

**SUMMARY AND RECOMMENDATIONS:**

One of the Council's key investment properties is the Renault Garage in Ash Road, Aldershot. The investment provides a good return for the Council.

When the property was examined prior to purchase it was reported that the boundary wall would need repairing although not as quickly as is now considered necessary following a recent detailed survey. In order to preserve the Council's asset in the longer term, it is proposed to carry out full repair works immediately.

The Cabinet is recommended to approve a variation in the Capital Programme of up to £50,000 to enable the necessary repairs to be carried out to the boundary wall at No. 252 Ash Road, Aldershot.

**1. INTRODUCTION**

- 1.1 No. 252 Ash Road, Aldershot was acquired in 2018 for £1.7 million, and is currently tenanted to Style Motors, a Renault dealership. The property was acquired for investment purposes with a rate of return of 5.27%, which means that it will provide a significant return to the Council over time.
- 1.2 The purpose of this report is to advise Members of the proposed maintenance arrangements for the property and to make the necessary financial provision in the short term.

**2. BACKGROUND**

- 2.1 The property is on the edge of the Blackwater Way Industrial Estate and borders the Blackwater River on the eastern boundary.
- 2.2 Along the eastern boundary is a tall wall, which is the original wall from when the wider site was a gasworks.
- 2.3 When the Council were considering the purchase, the state of the wall was identified as being poor, and it was anticipated that a repair would take place over 4-5 years, with the sum of £10,000 a year that had been allowed in the calculations undertaken by the Council prior to the purchase, to keep the property in repair and maintenance, and for any other issues that arise.

- 2.4 Since the purchase, further survey work has been undertaken and there has been more movement in the wall than was expected, and as a result, the works need to be undertaken promptly as a matter of urgency.
- 2.5 It should also be noted that the tenant has recently refurbished the interior showroom to a very high standard, and will be refurbishing the exterior in November. This is showing a strong commitment to a site that is of strategic importance to Renault, due to it covering the wider area of both Aldershot and Guildford.
- 2.6 The Council has also been able to agree a re-gear of the existing lease. The tenant currently has 6 years until expiry, and has agreed to a new 20-year lease to supersede the existing one. As a result, the Council will have a significantly longer lease, securing the rental income and increasing the value. This can only occur once the boundary wall has been repaired.

### **3. DETAILS OF THE PROPOSAL**

#### ***General***

- 3.1 A range of options have been considered as to how best effect a repair to the wall that will last, while trying to be as economic as possible.
- 3.2 The proposal is to repair the wall in one go, at a cost of £50,000, which will involve demolishing the top half and rebuilding to the same height (the bottom half being in good repair), and strengthening the whole of the wall to lengthen the life by rendering it. This amount is based on a quotation from one of the Councils framework contractors. The final costs will be subject to a formal tender exercise.
- 3.3 This also includes reworking the drainage adjacent to the wall to reduce flooding (the property is situated in an area which is a flood risk), and a contingency for any unforeseen issues.

#### ***Alternative Options***

- 3.4. Unfortunately, the condition of the wall and the risk implications are now such that there is no alternative solution. Of course, the property team is working with structural engineers to establish the most efficient and cost effective specifications and will be tendering the work in accordance with the Council's policies to provide value for money.

### **4. IMPLICATIONS**

#### ***Risks***

- 4.1 If the repair to the wall does not take place, there is a health and safety risk, as there is the possibility of the wall collapsing.
- 4.2 There are risks associated with effecting the repair, however, this can be mitigated by ensuring the selected contractor has all the appropriate risk

assessments, method statements, and insurance in place, and that the tenant is properly consulted.

***Legal Implications***

- 4.3 Under the lease between the Council and the tenant, the Council is responsible for repairs to the wall.

***Financial and Resource Implications***

- 4.4 The boundary wall will cost up to £50,000 and completion is expected in October 2018. Life duration is expected to be 40 years. The Council will initially borrow the funds short-term to erect the wall during 2018/19 involving a revenue borrowing cost of £100 in that year. Utilising a long-term interest rate of 2.5% in 2019/20 and onwards produces the following revenue costs each financial year:

Minimum Revenue Provision	£1,250
Interest cost	£1,250
Total cost to revenue each financial year (from 2019/20 inclusive)	£2,500

**5. CONCLUSIONS**

- 5.1 This site at No. 252 Ash Road, Aldershot is an important investment property for the Council and the new lease with the Renault Garage shows a considerable commitment on their part. Whilst the repair work is necessary sooner than expected, it will protect the Council's interest, as the property owner, in the longer term.

**BACKGROUND PAPERS**

Exempt report to Cabinet on 30<sup>th</sup> May 2017, LEG1708

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