

Waverley Borough Council

Report to: Executive

Date: 9 July 2024

Ward(s) affected: Farnham Castle

Report of Director: Place

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Report Status: Part Exempt

Key Decision: Yes

Wey Court East Roof Replacement

1. Executive Summary

- 1.1 This report seeks approval of a capital budget for repair works to a Council owned asset – Wey Court East, Farnham.
- 1.2 The requirement has been identified whilst undertaking an existing project to remodel the building to become a new doctor's surgery.
- 1.3 The works required are roof replacement works.
- 1.4 The existing project is an internal remodelling project, however water entering the building has led to identifying the need for replacement.

- 1.5 Due to the nature of the complex and aging roof, together with the opportunity to complete work during the current remodelling works, it is recommended that a budget for full replacement is approved.

2. Recommendation to Executive

That the Executive approves:

- 2.1 A supplementary estimate of £207,718.96 for roof replacement works at Wey Court East, Farnham.
- 2.2 To delegate authority to the Assistant Director of Assets and Property to instruct and approve Wey Court East roof replacement works and to enter into all required contracts for the works.

3. Reason(s) for Recommendation:

- 3.1 To ensure the Council's asset Wey Court East is watertight since the discovery of water ingress.
- 3.2 To progress the long lease hold with the Downing Street Group Practice due to start after major refurbishment works are completed in September 2024.

4. Exemption from publication

- 4.1 Yes, part of the report
- 4.2 The confidential commercial information as prepared for this Report is to be treated as exempt from the Access to Information publication rules because it contains confidential financial data and is therefore exempt by virtue of paragraph(s) 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as follows: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

5. Purpose of Report

- 5.1 To request a supplementary budget of £207,718.96 in support of roof replacement works at Wey Court East, Farnham. It is proposed that this is funded from additional borrowing, however as detailed in paragraph 10.6, overall the borrowing requirement for this scheme decreases when compared to the original approval due to the award of CIL.
- 5.2 To detail reasons for the budget request, the options considered and the recommended way forward for progression.

6. Strategic Priorities

- 6.1 Improving the health and wellbeing of our residents and communities. The decision will support and protect the Council's investment in delivering a new doctor's surgery for Farnham, delivering the multiple health and wellbeing benefits of a larger, more accessible facility delivering improved and expanded services.
- 6.2 Effective strategic planning and development management to meet the needs of our communities. The decision will support and protect the Council's investment in delivering a new doctor's surgery for Farnham, meeting the needs of the community in an improved existing building in a sustainable location.
- 6.3 Supporting a strong local economy. The decision will support and protect the Council's investment in delivering a new doctor's surgery for Farnham, demonstrating an investment in place as a way of supporting the local economy.
- 6.4 Taking action on Climate Emergency and protecting the environment. The decision will support and protect the Council's investment in delivering a new doctor's surgery for Farnham, improving the environmental performance of an existing building. The additional works implemented as a result of this decision will help address the impact of intense and sustained rain events.

7. Background

- 7.1 The Council is currently undertaking a construction project to remodel its property, Wey Court East, to become a new doctor's surgery in central Farnham.
- 7.2 The project to remodel Wey Court East is in construction phase.
- 7.3 The project did not include roof works. However, as the building has been opened up for works, multiple leaks from the roof have been discovered, which require addressing. The property was acquired by the Council in 2018, and as part of the acquisition, a building survey was carried out. No water ingress was present at acquisition; however, roof repairs were carried out in 2021 to the flat roofs, and a long-term guarantee secured for those roofs. Opening up of the building for the remodelling project together with the very wet weather in the years since acquisition have revealed leaks in the various pitched roofs.
- 7.4 Replacement of the failing tiled roofs has been instructed. However, it will not be possible to secure the requisite guarantees for the complicated interfaces with the existing zinc and lead roofs unless those roofs are also replaced.
- 7.5 There are also issues with the box gutters and outlets due to their original design and it is recommended to also address this matter at this time.
- 7.6 Instructing roof works now, so they can be completed before the existing building works are complete, is possible but cannot be delayed.
- 7.7 By instructing a full suite of works now, The Council would be de-risking the building from potentially significant future issues and be providing a more comprehensive final product for the new doctor's surgery in Farnham.

8. Consultations

8.1 The tenant is aware of the matter via monthly engagement meetings.

9. Key Risks

9.1 Adding works to the current construction contract carries the risk of overrun. This is mitigated by a contingency figure with the budget request together with the knowledge that the tenant can still move in should the roof works overrun.

9.2 Not undertaking the works would give The Council limited recourse should leaks occur in the future where the new roofs adjoin the old.

9.3 Not undertaking the works would risk future leaks in the newly invested-in building, during the term of the lease.

9.4 Converting the Agreement for Lease into the Full Repairing and Insuring Lease together with the commencement of rent payments may be compromised if the tenant cannot be assured of watertightness and warranties.

9.5 The building faces the Conservation Area, and the works may attract scrutiny of the materials and appearance. This is mitigated by replacing like-for-like within the proposal.

10. Financial Implications

10.1 The cost of the works is £228,544.72.

10.2 The remaining existing roof budget of £20,825.76 will be utilised.

10.3 The supplementary estimate requested is therefore £207,718.96.

10.4 The additional £208k is proposed to be funded by borrowing. However, due to the £700k of Community Infrastructure Levy (CIL) funding which was awarded for this project in the 2023/24 bidding

- cycle the overall borrowing requirement for the whole scheme will reduce.
- 10.5 The recent independent valuation exercise of Council assets valued Wey Court East at £7,185,000 demonstrating a rise from the £2,625,000 valuation in 2022/23.
- 10.6 Annexe 3 details the overall financial viability of this scheme for both the original approval and this revised request for roofing works. The revised calculation also includes the impact of the full CIL award. Compared to the original approved scheme and the revised costs, including this supplementary budget request, the income increases by £326k over the life of the asset. The payback period reduces from 29 years down to 28 years.

11. Legal Implications

- 11.1 The decision recommended in paragraph 2 of this Report is a Key Decision of the Council's Executive to be made in accordance with the Council's Constitution, Part 2, Article 12.3 (b) which can be found at the following link: [Waverley Constitution Oct 2022 Part 2 Articles](#).
- 11.2 The Council has an important role in maintaining and overseeing public services and infrastructure. With this role, comes a legal obligation, a duty of care, to ensure that its activities and decisions do not cause harm to individuals or to property.
- 11.3 Council liability claims can hold local authorities accountable for any breach of their duty of care. If someone suffers harm or damage to their person due to the council's negligence or improper actions, they may have grounds to make a compensation claim against the council. It is therefore crucial that the Works as recommended at paragraph 2 are carried out.
- 11.4 Further, although the provision of doctors' surgeries falls under the responsibility of the National Health Service (NHS) rather than local authorities, the Council owns the building at Wey Court and has

specific statutory duties related to public health as conferred by the Health and Social Care Act 2012 and whose key points are:

- i. **Public Health Functions:** Local authorities are responsible for various public health functions, including health improvement and health protection. These functions encompass areas such as promoting healthy lifestyles, preventing diseases, and addressing health inequalities.
- ii. **Director of Public Health (DPH):** Each local authority must appoint a Director of Public Health (DPH). The DPH serves as the principal adviser on health matters to elected members and officers. They oversee public health initiatives, provide expert advice, and collaborate with other agencies.
- iii. **Commissioning Responsibilities:** Local authorities play a role in commissioning public health services. This involves planning, procuring, and monitoring services that promote health and well-being. Examples include sexual health clinics, smoking cessation programs, and obesity prevention initiatives.

11.5 The Doctor's Surgery at Wey Court delivers some of the Council's commissioned services. It is therefore crucial that this building is maintained in good repair.

11.6 Legal Officers will assist in drawing up the requisite contractual agreement(s) for the required Works at Wey Court.

12. Human Resource Implications

12.1 The incorporation of these works into the existing contract that is on site allows for best use of Council resources as they will be managed by the existing Project Managers. If they were to be delayed to a later date, significant resource implications to re procure, fund, and manage the works would be required.

13. Equality and Diversity Implications

- 13.1 Replacing a roof like for like is considered to have no impact to Equality & Diversity.

14. Climate Change/Sustainability Implications

- 14.1 Improving the building's resilience to rain events will help mitigate the impact of future climate change.
- 14.2 Impacts of the construction work would be reduced by undertaking them in parallel to existing works e.g. using the existing scaffolding, welfare units, etc.

15. Overview & Scrutiny comments

- 15.1 Matter included in Property Investment Quarterly Report at the 18/06/24 O&S Meeting. Advised that repair required for which Executive approval for budget is being sought in July 2024. No comments made.

16. Suggested issues for overview and scrutiny

- 16.1 No Issues. Matter covered at O&S 18/06/24.

17. Summary of Options

- 17.1 Option 1 – Undertake full replacement of roofs.
- 17.2 Option 2 – Do not undertake full replacement of roofs but address any specific areas of leaks and: Accept risk of tenant not signing lease or roof being carved out of lease; Minimal guarantee to the slate roof works; Future higher roof replacement costs to The Council; Risk of future internal remediation works cost; Risk of insurance claim if Drs' use compromised or equipment damaged; Loss of rent to The Council

if doctors' surgery impacted by future leaks; And reduced public service if building partially closed to address future leaks.

- 17.3 Option 3 – Undertake the full replacement of roofs but with lower quality materials and do not improve the box gutters and outlets. Accepting a saving of circa £100K but leading to a requirement to replace again in circa 25 years rather than 50 and at a higher cost. Risks using materials of lesser appearance; future internal remediation works cost; insurance claim if Doctors' use compromised or equipment damaged; loss of rent to The Council if doctors' surgery impacted by future leaks and reduced public service if building partially closed to address future leaks.

18. Conclusion

- 18.1 The Council should take the opportunity to complete a full roof replacement now to mitigate against future risks to its asset – both the built asset and the rental agreement for a valuable public service.
- 18.2 The Council should take the opportunity to improve the box gutters and rainwater outlets whilst addressing roof works allowing a full and complete work package that will provide best value for the long term, and for the life of the lease.
- 18.3 Therefore Option 1 should be selected.

19. Background Papers

- 19.1 Wey Court East project update – Executive, 29/11/22.
- 19.2 Property matter: Wey Court East proposal – Council, 19/10/21.

20. Appendices

- 20.1 Annexe 1 – WCE Roof Replacement Background Detail
- 20.2 Exempt Annexe 2 – WCE Roof Works Cost Table – Simple

20.3 Exempt Annexe 3 – Wey Court East Financial Implications

Service	Sign off date
Finance / S.151 Officer	CK – 17/06/2024
Legal / Governance	GG – 14/06/2024
HR	JF – 18/06/2024
Equalities	JF – 18/06/2024
Lead Councillor	MM – 21/06/24
Director / CMB	DH – 18/06/2024
Executive Briefing/Liaison	EB – 25/06/24
Committee Services	