

# ARUN DISTRICT COUNCIL

## REPORT TO AND DECISION OF ECONOMY COMMITTEE ON 19<sup>TH</sup> JANUARY 2022

**SUBJECT:** Bognor Regis Arcade – Essential flat roof replacement works

**REPORT AUTHOR:** Paul Broggi – Property, Estates & Facilities Manager

**DATE:** 1<sup>st</sup> December 2021

**EXTN:** 01903 737506

**AREA:** Property, Estates & Facilities - Technical Services Group

### EXECUTIVE SUMMARY:

This report seeks to gain authority to proceed with the procurement of essential flat roof replacement and associated works to the Bognor Regis Arcade building. Authority is further sought for placement of contract and works order for the project with the most economically advantageous contractor on completion of procurement to permit project delivery.

### RECOMMENDATIONS:

The Committee is requested to:

- 1 - Approve for the Council to proceed with the procurement of essential urgent flat roof replacement and associated works to the Bognor Regis Arcade building.
- 2 - Delegate Authority to the Group Head of Technical Services, to authorise and enter into contract with, and place order for, the tendered roofing works with the economically most advantageous contractor following the procurement exercise, subject to approval of 2022/23 budget at Full Council in February 2022.
- 3 – Agree that a report be brought back to Committee as soon as possible with a recommendation on future use of the upper floors of the Arcade

### 1. BACKGROUND:

**1.1.** The Council have an appointed managing agent for the Bognor Regis Arcade. The agent manages the maintenance for the asset and recoup relevant charges, on behalf of the Council, via service charge to tenants (please note item 1.7 below in relation to this larger proposed roofing repair contract).

**1.2.** The Council has been aware of and monitoring the condition of the large flat roof on the east side of the premises (*see location plan attached in background papers with roof area under discussion shaded red*). This area of flat roof has been patched many times over the years both under Council and previous ownership. The roof is considered to be in poor condition and having reached the end of its serviceable life.

Property & Estates had attempted to temporarily prolong the life of the roof surface by carrying out isolated repairs and weathering works to the skylights and parapet wall details. It was hoped this approach could be adopted until a wider refurbishment scheme for the upper floors of the Arcade could be delivered. , in attempt to nurse the roof to the point where a decision on future use of the upper floors of the Arcade was and actioned. Ultimately this pending redevelopment work would have had to include this area of roofing as part of the larger project. This potentially could involve replacement of the roof at this level or the creation of an additional storey and new roof above, dependant on the future decision(s) taken by the Council.

**1.3.** The condition of the flat roof has however deteriorated more rapidly than expected. The premises have recently experienced several water ingress episodes which can occur in periods of very heavy rainfall. These events have impacted commercial premises on the ground floor, in isolated areas, and this has also resulted in damage to the vacant upper floors. It is clear that the replacement of the flat roof cannot wait until the future of the upper floors has been resolved. The risk presented to the building and its commercial occupants on the east side is significant and so this situation now requires the Council's urgent action to avoid the occurrence of a more serious water ingress and compensation event. The roof has been surveyed and it is considered to have several potential structural defects present as a result of the on-going water ingress.

**1.4.** At a seminar for Members in January 2021 a summary of several viability studies for different potential uses of the upper floors were presented to Members . Amongst the options were some which added a further storey above this area of roof (see background papers). However, the additional storey did not enhance the viability of the proposed scheme.

**1.5.** With the above conclusions in mind it is considered prudent to proceed with the removal of the existing defective flat roof covering and replacement of all defective roof substructure and associated weathering details now, ahead of the potential future refurbishment of the upper floors. The insulation values will be improved to this roof area, in accordance with current Building Regulations. A new flat roof covering will then be applied. Working in this way will provide longer term confidence and protect the viability of ground floor commercial businesses below. This will also ensure that the future redevelopment for alternative use of the vacant upper floors is not compromised and can proceed once the Council has decided on future direction and use.

**1.6.** Property & Estates have had a contractor survey the defective flat roof and the budget cost received for this essential roofing work is estimated at £210,000. This amount has been noted and included within the Property, Estates & Facilities Capital Asset Management Budget for the 2022/23 financial year. See section 5 of this report in relation to supporting comments from the Council's Finance Section. This budget is set for decision at Full Council in March 2022.

**1.7.** The roofing work planned under this report is not intended to be added directly to and recouped via the Service Charge account. The level of service charge presently at the arcade is near its maximum viable level, currently being charged at a Nett rate of £5.32 per square foot. To add in a significant capital project of this nature would introduce serious business viability issues for many existing leaseholders which must be avoided. This approach will ensure that the Council protect its rental revenue stream and minimise any void costs that would ultimately become Council liability in the event commercial premises became vacant (Service Charge, Business Rates etc). Property & Estates intend to work with its appointed Managing Agent to see whether it is possible for some of the

capital costs for this unavoidable project work to be potentially recouped over time but this is not confirmed at this stage.

**1.8.** The works would be publicly tendered in compliance with Contract Standing Orders. The Council will look to procure the contract by the identification of the most economically advantageous contactor and will score the tender based on an agreed assessment matrix with scoring weighted to 60% quality and 40% price.

**2. PROPOSAL(S):**

**2.1** - That the Economy Committee approve for the Council to proceed with the procurement of essential urgent flat roof replacement and associated works to the Bognor Regis Arcade building.

**2.2** - That the Economy Committee delegate Authority for the Group Head of Technical Services, to authorise and enter into contract with, and place order for, the tendered roofing works with the economically most advantageous contractor following the procurement exercise, subject to approval of 2022/23 budget at Full Council in February 2022.

**2.3** - That report be brought back to committee as soon as possible with a recommendation on future use of the upper floors of the Arcade

**3. OPTIONS:**

Alternatively:

**3.1** - That the Economy Committee **do not approve** for the Council to proceed with the procurement of essential urgent flat roof replacement and associated works to the Bognor Regis Arcade building. This would leave the ground floor tenants at significant risk of interruption to their business, and the structure at risk of deterioration from water ingress.

**3.2** - That the Economy Committee **do not delegate** Authority for the Group Head for Technical Services, to authorise and enter into contract, and that no order is placed for the tendered roofing works with the economically most advantageous contractor following the procurement exercise.

**3.3** - That **no** report be brought back to committee as soon as possible with a recommendation on future use of the upper floors of the Arcade

**4. CONSULTATION:**

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		X
Relevant District Ward Councillors	X (Hotham & Marine)	
Other groups/persons (please specify)		X

<b>5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)</b>	YES	NO
Financial	X	
Legal	X	

Human Rights/Equality Impact Assessment		X
Community Safety including Section 17 of Crime & Disorder Act		X
Sustainability	X	
Asset Management/Property/Land	X	
Technology		X
Other (please explain)		X

## **6. IMPLICATIONS:**

### Financial

The estimated funding for this work (£210,000) is currently included in the draft budget for 2022/23 which will be presented to Full Council on 23 February 2022.

### Legal

The proposed award is in accordance with the Council's Contract Standing Orders and the public procurement rules. The procurement process ensures the Council meets its duty to secure best value under the Local Government Act 1999. Once procured, Legal Services will be instructed to agree and complete a JCT contract with the preferred contractor.

In common with any other landowners or occupiers, the Council has a number of statutory obligations which make it necessary to undertake regular maintenance and improvements of Council owned or operated properties.

### Sustainability

The work will involve installing insulation to the roof in accordance with Building Regulations. This is an improvement on the current situation, and this should assist in overall carbon reduction as the heating requirements will be reduced for the upper floors because of this increased roof specification.

### Asset Management / Property / Land.

The works will be contract managed in-house by the Council's Property & Estates team. This is essential work that will assist in securing the longer-term viability of the units below.

## **7. REASON FOR THE DECISION:**

The flat roof has reached the end of its serviceable life. As a result, significant financial and reputational risk exists for the Council should a significant water ingress / compensation event occur. For the above reasons the recommended decision within this report is considered to be in the best interests of the Council.

## **8. BACKGROUND PAPERS:**

8.1 – Bognor Regis Arcade Flat Roof Location Plan

8.2 - *The Arcade, Bognor Regis: feasibility report relating to conversion of part of existing property to form residential accommodation and office facilities for Arun District Council.*