

Surrey Heath Borough Council

Executive

18th April 2023

The Square Shopping Centre – Phase 1 remedial works to roof

Portfolio Holder:	Cllr Shaun Garrett – Economic Development & Transformation
Date Portfolio Holder signed off the report:	30.3.23
Head of Service:	Martin Breeden – Head of Investment & Development
Report Author:	Alice Theobald – Asset Manager
Key Decision:	Yes
Wards Affected:	Town

Summary and purpose

The purpose of this paper is to seek approval from the Executive to place a contract for urgent repair works to the roof of the Square Shopping Centre this year. It should be noted that this package of works, 'Phase 1 remedial works' is to tackle current leaks and buckets on the malls. This is brought to the Executive as the price of the works makes it a key decision.

Recommendation

The Executive is advised to delegate authority to the Head of Investment and Development in consultation with the Portfolio Holder for Economic Development & Transformation to place a contract for urgent repair works to the roof of the Square Shopping Centre for a sum not exceeding £245,000 including fees and contingency. This Phase 1 Programme of urgent repair works is to be charged to the tenants via the service charge and the costs are in the budget for the year ending 31st March 2024.

1. Background

- 1.1 The Square shopping centre is suffering numerous rainwater leaks into the malls. On a typical rainy day there are up to 5 pods of buckets on the mall collecting water.

- 1.2 As well as presenting a poor image, the water is causing damage to internal finishes.
- 1.3 The majority of the areas of flat roofs over the shops (referred to as Block Roofs) and a significant amount of the roof over the mall (pitched glass roofs) are beyond their design life and require replacement. Parts of the mall roof will be removed or replaced as part of the proposed London Road Block and House of Fraser pipeline projects.
- 1.4 It is likely that that any full scale roof replacement works would take around two years to complete. There are also items of plant replacement that should take place over the coming years.
- 1.5 All these works are recoverable, in theory, from the tenants of The Square via the service charge. The total annual service charge is being increased in the year ending 31st March 2024 by 15% to approximately £2.3 million (in total).
- 1.6 SHBC currently recovers approximately 65% of the service charge. The 35% shortfall arises from vacant units and tenants who have capped service charges or rents which include service charge. Due to the presence of inclusive and capped service charges, a significant increase in service charge would cause the 65% recovery proportion to fall. In addition, new tenants are likely to resist agreeing a much higher service charge.
- 1.7 Once the scope and costs of these major works have been fully worked through, a recommendation will be made on how to proceed. Any programme will also consider practicalities of how best to minimise disruption in the centre during any period of works.
- 1.8 In the meantime, the rainwater leaks will persist. Accordingly, it is proposed to undertake an urgent repair programme (Phase 1) addressing the immediate problems.
- 1.9 It should be noted that due to the roofs being at the end of their design life further roof problems are expected to occur pending the completion of a comprehensive roof replacement programme. Indeed, short term repair works were undertaken over the past 2 - 3 years, on a reactive basis, costs of which were borne via the service charge regime. Whilst it is understood that they achieved some short term benefits, they clearly did not fully resolve the problem.

2. Works tender status and costs

- 2.1 A works package has been tendered and at the time of writing one quotation has been received in the sum of £185,416 to which should be added third party building surveying fees for tendering and managing the work and a contingency as follows:

Tendered price by the contractor	£185,416
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Building Surveying fees	£20,000
Contingency 20%	£39,584
Total	£245,000

2.2 At least two further quotations will be obtained in the coming weeks by Praxis Retail, the newly appointed Asset Manager and Property Manager for The Square.

2.3 Approval is therefore requested to place a contract for urgent roof repair works in The Square shopping centre incurring up to £245,000 noting that the sums incurred will be placed on The Square service charge with an anticipated recovery of approximately 65% of the cost.

3. Proposal and Alternative Options

3.1 The Council may choose not to do the works and wait until major roof replacement work takes place which is likely to be over the period mid 2024/26 at the earliest.

4. Contribution to the Council's Five Year Strategy

4.1 The leaks are high profile and the work will significantly contribute to the priority of being an effective and responsive council.

5. Resource Implications

5.1 There are no additional internal resources required. The works are budgeted within the service charge for The Square Shopping Centre.

6. Section 151 Officer Comments:

6.1 Costs will be met from the service charge budget and the recovery from tenants will be in the region of 65%. The balance will be a cost in the existing budget and no further budget is required, nor is granted.

7. Legal and Governance Issues

7.1 The award of contracts over £100,000 is a key decision for the executive and therefore a delegation is required to officers to place the contract.

7.2 The procurement process will comply with the Council's Contract Standing Orders and contract management and will comply with any applicable Financial Regulations.

8. Monitoring Officer Comments:

8.1 None

9. Other Considerations and Impacts

9.1 None

10. Environment and Climate Change

10.1 No material issues relating to this proposed project.

11. Equalities and Human Rights

11.1 No issues.

Annexes

None