



Title of report: Property Services Estate Capital Building Improvement Programme 2025/28

Decision maker: Cabinet member community services and assets

CommitteeNameDecision date: 22 April 2025

Report by: Head of Major Projects, Interim Director of Commercial Services, Portfolio Manager, Growth

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To agree the proposed programme of works as set out in appendix A, B and C, incorporating a series of planned project works to enable the council to deliver on its obligations to maintain buildings fit for purpose utilising £6,623,602 capital budget as approved at council budget meeting of 7 February 2025.

Recommendation(s)

That the Cabinet Member:

- a) Approves the drawdown and spend of the capital programme for the 3 years from 2025/26 to 2027/28 as set out in appendix A and B within a total budget of £6,019,602; and
- b) Approve the drawdown and spend of the capital programme and implementation of the care facility emergency programme of works as set out in Appendix C within a total budget of £604,000; and
- c) Authorises the Corporate Director – Economy & Environment to take all operational decisions to deliver the projects within the approved separate budgets of £6,623,602.

Alternative options

1. A lack of investment in capital work to the council's estate assets would ultimately lead to their deterioration which will eventually make the assets no longer fit for their intended purpose and fail to protect the value of the council's property assets. In turn this will have an impact on any services located in such properties, to the extent that they may have to be closed and service delivery would be severely impacted.
2. The absence of capital investment through improvement works to buildings that are leased out by the council would render those properties unlettable because they are either non-compliant or are not fit for occupation which will result in a subsequent loss of revenue to the council and potential breach of statutory and legal obligations.
3. Not investing capital on council assets means that the Council will not be able to improve the asset or their components and apply new or updated strategies and policies of the Council such as strategic asset planning and low carbon management.
4. Deferring the capital investment will lead to further deterioration of estate assets which in turn is likely to mean that investment costs will increase over time in line with inflation i.e. building and labour costs. The required improvement works have been assessed and prioritised based upon select criteria which covers health & safety, operational need/impact and lifecycle/value. Investment is therefore targeted and spent on the assets requiring work rather than other property assets that are considered less eligible.
5. Lack of investment into care facilities owned by Herefordshire Council and operated by Hoople Limited may lead to implications over the required Care Quality Commission (CQC) Registrations and ability to operate these facilities.

Key considerations

6. The number of establishments within the property estate that are required to be maintained is 363 and within that total there are 176 that bring in an income in the region of £3 million per annum. Capital improvement works will help to ensure these investment assets are maintained to a level that they are lettable and thereby safeguarding the income generated by the investment properties.
7. The capital programme for 2025/26 to 2027/28 is set out in appendix A and B. This mainly incorporates work projects to the corporate and commercial estate which are prioritised based upon criteria set out in the maintenance strategy and incorporating current condition, statutory compliance, service continuity and takes into account known property and business strategy. This data is overlaid with the energy usage and the plans around corporate asset review. It is important that both corporate and commercial properties are kept open, are safe and are fit for purpose. Targeted capital expenditure on the corporate and commercial estate is therefore required to meet this basic criteria.

8. The overall measure of the effectiveness of capital expenditure is that properties remain open, usable, compliant to meet health and safety legislation and fit for purpose in line with long term plan of site the council requires and are efficient to use.
9. Targeted capital investment in the estate will extend the lifecycle of buildings and amongst other objectives will enhance their efficiency and where possible will help keep energy costs down. Projects will undergo a valuation at the tender stage to ensure they are within budget and if necessary the scope of the works will be reduced. Furthermore during the delivery stage the spend will be monitored regularly to ensure that the project expenditure does not exceed the budget.
10. The procurement route for capital projects will be decided on a case by case basis. Capital works can include both professional design services and works which can both be delivered through either a formal tendering exercise or a framework where by professional design services and contractors have already gone through a tendering process. Alternatively, works could be delivered through the newly proposed Agreement between Herefordshire Council and Hoople Ltd or under the existing Services Contract and annual service level agreement (SLA) with Hoople which was authorised through a cabinet member decision <http://councillors.herefordshire.gov.uk/ieDecisionDetails.aspx?Id=7636>. Whichever procurement route is selected, a tendering process will have been undertaken in line with the council's Contract Procedure Rules (CPR). By following this principle best value is observed throughout and value for money is fundamental to the procurement activity the council carries out. The preferred procurement route for each package of works shall be assessed with regard to the criteria of: cost/value for money, quality/specialisation and capacity to deliver within time scales.
11. Building condition surveys are commissioned that will support future capital programmes and any new capital funding to deliver those works will be subject to further separate capital.

Care Facilities

12. Local Authorities have a legal duty under the Care Act 2014 to meet assessed eligible care and support needs. The Act also places a duty on the council to shape the local provider market and enable a sustainable and diverse range of care provision that is innovative and cost effective and that promotes the wellbeing of people who need care and support.
13. Herefordshire Council's arrangements for the provision of care includes a contractual agreement with Hoople Limited to provide both long term and short term support to individuals with Learning Disabilities in a residential care setting (Southbank in Hereford and Ridgemoor Road in Leominster) and the provision of short term residential care to support the discharge of adults from hospital (Hillside in Hereford). The current premises from which these services are delivered are part of the council's portfolio of properties and the council has responsibility for major works and significant repair. A programme of urgent remedial work and required investment has been identified to improve the conditions of these premises to support standards for safe and effective care. This includes work in relation to fire safety measures, and to address issues raised during a recent inspection by the care quality commission.

Community impact

14. The council is committed to providing a healthy and safe environment for all individuals impacted by the council's funded activities. The council endeavours to ensure that the work they and their partners undertake, does not adversely affect the health, safety or welfare of

members of the public. Council partners are expected to work to the same health and safety standards and codes of practice as the council, as far as is reasonably practicable. This requirement will be included in the service level agreement with the provider and be part of ongoing review meetings of the service delivery.

15. By investing in assets by means of improving building service installations for instance replacing less efficient electrical equipment and improving drainage installations, these proposals will contribute towards the delivery of the aims within the council's corporate plan to 'support improvement in the quality of the natural and built environment'
16. All installations will comply with the Construction (Design and Management) Regulations 2015 ("CDM Regulations") where they fall within the scope of the legislation

Environmental Impact

17. This decision seeks to deliver the council's environmental policy and aligns to the following success measures in the County Plan.
 - a) Reduce the council's carbon omissions
 - b) Work in partnership with others to reduce carbon emissions
 - c) Improve the air quality within Herefordshire
 - d) Improve energy efficiency within the council owned assets
18. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
19. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management to ensure these measures are met such as utilizing local supply chains, reducing energy usage by replacing less effective equipment for those that are more energy efficient. The principles have been followed as set out in the draft document achieving decarbonisation of the corporate estate procedures which has been developed with the council's sustainability/ energy team and wider council colleagues.
20. The Council follows the internal document, Achieving Decarbonisation of the Corporate Estate Procedure and its Low Carbon Working Group to identify improvements to building service installations for instance replacing less efficient mechanical and electrical equipment for more efficient ones, introduce controls to better manage heating systems and the proposed replacement of end of life boilers with the aim to seek to use low carbon technology as a priority with the use of more efficient fossil fuel boilers being the last resort when no other alternatives are viable will contribute towards the delivery of the aims within the council's corporate plan to 'support improvement in the quality of the natural and built environment' and 'to make best use of the resources available in order to meet the council's priorities' as well as improve the council's energy efficiency, reduce its carbon footprint, provide cost savings by reducing reactive repair works.

Equality duty

21. The public sector equality duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
22. The mandatory equality impact screening checklist has been completed for this decision, and it has been found to have no impact for equality.

Resource implications

23. Capital expenditure in respect of the Estates capital programme 2025/26 to 2027/28 which is subject to approval is as detailed in the below table and funded by both corporately funded borrowing and external income. The estates capital programme includes two separate projects with a total budget of £6,019,602 which is part of a schedule of works of £4,304,602 as listed in appendix A and £1,715,000 as listed in appendix B which is split over three years to deliver a number of projects. Any underspend in respect of these projects that have not been completed in year will be rolled forward into the following year to enable any final works to be completed. Expenditure will be monitored regularly during the course of the works to safeguard against over spend. However, in any likelihood that there might be an over spend, the scope of the works would be adjusted to ensure that the programme of works are delivered within the overall budget.
24. Capital expenditure in respect of the care facilities capital programme 2025/26 as listed in Appendix C which is subject to approval is as detailed in the below table and funded by corporately funded borrowing.
25. There is no expected negative impact on current revenue budgets, although a consequence of the capital investment will ultimately mean that the maintenance budgets can be more efficiently utilised as targeted capital expenditure addresses building improvement.
26. The tables below are to support setting out the financial implications of the decision.

Capital cost of project	2025/26	2026/27	2027/28	Total
	£	£	£	£
Capital cost of project for Estates Capital Improvement Programme 2025/26 to 2027/28 Appendix A	1,327,102	2,451,250	526,250	4,304,602
Capital cost of project for Building works from 2022 Condition Surveys Appendix B	595,000	770,000	350,000	1,715,000
Capital cost of project for care facilities 25/26 Appendix C	604,000			604,000
TOTAL	2,526,102	3,221,250	876,250	6,623,602

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2025/26	2026/27	2027/28	Total
	£	£	£	£
<i>HC Corporate Funded</i>	2,126,102	2,821,250	676,250	5,623,602
<i>College Road Campus Reserve</i>	400,000	400,000	200,000	1,000,000
TOTAL	2,526,102	3,221,250	876,250	6,623,602

Legal implications

27. This report is to allocate funding for capital projects authorised by Council. The decision to award contracts and procurement of such will be in accordance with the relevant constitutional requirements.

Risk management

28. The following risk and mitigations have been taken into account when considering the spend of the capital budget;

Risk / opportunity	Mitigation
<p>Not having a capital budget for buildings will contribute to the deterioration of property assets.</p>	<p>Any budgets allocated to improvement works will help to extend the life of the property asset and its value.</p>
<p>Any deterioration of a building may result in its closure and affect services using the asset.</p>	<p>Capital budget will ensure the building is fit for purpose and keep services running.</p>
<p>Not having a capital budget to spend on buildings will effect compliance.</p>	<p>Capital expenditure will ensure buildings are compliant and safe to users, the public and visitors.</p>
<p>Risk of building works not being delivered on time.</p>	<p>All stages of building works such as design, tendering/ procurement and obtaining statutory approvals such as planning are programmed prior to commencement of the works and progress is monitored regularly.</p>
<p>Risk of building works not being delivered because of cost over run.</p>	<p>Contingency is factored in, all elements of the building works are costed during the tendering procurement stage and evaluated prior to starting the works to ensure affordability. Expenditure is also monitored regularly during the course of the works to safeguard over spend.</p>
<p>Supply chain disruptions or material shortages – Shortages or delays in materials could lead to project slippage or cost increases</p>	<p>Engage with suppliers early, build flexibility into delivery schedules, and identify alternative suppliers in procurement planning. Include early procurement options in programming where applicable</p>
<p>Health and safety incidents during works – Capital works carry health and safety risks for contractors, staff, and building users.</p>	<p>Contractors must comply with statutory health and safety obligations and site-specific health and safety plans. HC will carry out regular site audits and ensure CDM (Construction Design and Management) regulations are followed</p>
<p>Disruption to building users during works – Building improvement works may impact day-to-day operations and service delivery for building users.</p>	<p>Ensure effective communication and engagement with service users prior to and during works. Schedule works during low-usage periods where possible and ensure contractors work to agreed access and disruption minimisation plans.</p>

Assurance Statement:

The risks identified in this report have been appropriately considered and are aligned with the Council's Risk Management Strategy. Risks will be monitored throughout the life of the programme via the relevant directorate and corporate risk registers, with oversight from project governance boards. Mitigation measures are in place to ensure that risks are actively managed and escalated where necessary to support the successful delivery of the programme.

Consultees

29. A political group consultation took place on 4 April 2025 and the groups were broadly supportive of the decision. A request for more information on the projects which would be undertaken as part of the programme was requested, together with confirmation of how many priority works identified in 2022 condition surveys were outstanding. .

Appendices

Appendix A Schedule of works for capital programme 2025/28

Appendix B Details of work identified in the 2022 condition surveys

Appendix C Care facility programme of emergency works 2025/26

Background papers

'None identified'

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published

Governance	John Coleman	Date 04/03/2025
Finance	Karen Morris	Date 04/03/2025
Legal	Sean O'Connor	Date 26/02/2025
Communications	Luenne Featherstone	Date 27/02/2025
Equality Duty	Harriet Yellin	Date 08/04/2025
Procurement	Carrie Christopher	Date 04/04/2025
Risk	Paige McInerney	Date 08/04/2025

Approved by [Click or tap here to enter text.](#) Date [Click or tap to enter a date.](#)