



LONDON FIRE BRIGADE

## PART 2 – CONFIDENTIAL FACTS AND ADVICE

**LFC Number LFC-0690**

**Title: 8 Albert Embankment/Lambeth Fire Station – Investment and Maintenance (Part 2)**

*Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Governance Team for advice.*

**This information is not for publication because:**

Publication of the information included in this report is deferred as its disclosure would be likely to prejudice the commercial interests of the London Fire Commissioner (LFC).

**Legal recommendation on the grounds of keeping the information confidential:**

In the event the information contained in this Part 2 report is the subject of a request for information under section 1 of the Freedom of Information Act 2000 (the “Act”), it is considered that access can be denied on the basis that such information constitutes exempt information under:

Section 43(2) of the Act on the basis that the information in this report includes information which is exempt information if its disclosure under this Act would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).

Public Interest Assessment

At present, on balance, it is considered that the public interest is best served if the information is not disclosed at this point.

The Information Commissioner has recognised that a wide range of commercial information relating to ongoing procurement activity may be covered by this exemption. In this instance the information in this Part 2 report includes information in relation to future projected spends which could adversely affect bids when tendered in the building services industry and the Commissioner’s financial position in relation to the procurement.

**Legal Adviser** - I make the above recommendations that this information should be considered confidential at this time

**Name:** Karen Boother

**Date:** 8 March 2022

## **Confidential decision and/or advice:**

Part 1 of this report seeks authorisation for the London Fire Commissioner to delegate authority to the Assistant Director of Property and the Assistant Director of Finance to agree and implement the capital funding strategy for remedial works in respect of the former LFB headquarters building at 8 Albert Embankment (8AE) which hosts Lambeth fire station.

## **Introduction and background**

Recent reports and site condition surveys in 2021/22 have highlighted the deteriorating condition of the former LFB headquarters building at 8AE and the need to propose an investment plan that represents value for money in the context of the wider development plan.

The consequence of prolonged and unsuccessful redevelopment plans preventing the planned disposal has resulted in the unanticipated requirement and commitment of capital funds to rectify building fabric defects. This funding requirement has not been subject to a growth bid or budgeted as part of LFC's capital programme.

Any remedial plans for works internal or external to the building, needs to ensure LFB meet Historic England obligations to preserve the condition of the Grade II listed building. The most significant concern on building condition are the emerging fabric defects and concrete derogation throughout the building with signs of decay including areas of multiple cracking and spalling of concrete. This paper outlines the estimated cost to undertake the recommendations from Paper 1.

## **Capital Funding Requirement**

Indicative remedial costs on current fabric defects as informed by technical consultants (subject to further intrusive survey outcomes) are estimated to be in the region of £1,000,000. As the full scope and outcome of intrusive surveys is work in progress, it is recommended that a 20% contingency uplift is applied resulting in an estimated capital requirement of £1,200,000. This commitment requires agreement of a capital funding strategy to optimise financial planning as part of LFC's capital programme.

## **Capital Funding Strategy**

The capital funding strategy proposal provides for:

- The opportunity for recovering LFC costs for remedial works as part of the wider negotiations on a revised Development Agreement.
- Re-profiling the existing commitment within the current Capital Programme provided for the refurbishment of Lambeth River Station. The current LFC authorised spend for this project is £3,800,000 based on the pre tender estimate. Due to various risks and issues arising since the LFC decision resulting in an agreed change in scope for the project, there is the opportunity to reprofile the required funding to support the fabric remedial works required pending further decisions regarding Lambeth River Station refurbishment project. (Part 1 refers).

## **Revenue costs and future requirement**

- As noted in Part 1, to date Property department has incurred £80,000 of revenue costs to assure the health and safety of the former headquarters building which includes scaffolding/netting and propping installation, pavement licence, hire costs and weekly checks. It should be noted that to continue this assurance, further revenue costs pending the completion of structural remedial works required in 2022/23 will be required. This will be at a cost of £47,000 per annum and are

included as an unexpected additional revenue cost in addition to the capital costs above. Meeting this commitment will impact on the maintenance budget available to undertake other planned maintenance works across the estate.

### **Financial comments**

This report recommends securing capital expenditure of £1,200,000 for remedial costs on fabric defects for the former headquarters building. If the costs are met through external borrowing this will incur capital financing costs of £80,000 pa for repayment of the borrowing based on 15 years useful life and interest costs of £30,000 pa based on an interest rate of 2.5%.

These funds are already in the capital programme and can be contained in the existing budget. The cost of the works at £1,200,000 will be contained within the existing capital programme budget of £3,800,000 allocated to Lambeth River Station, leaving £2,600,000 for the remaining costs for the River Station refurbishment in the capital programme which the Project Board have confirmed is sufficient for the re-scoped River Station.

The proposal is for LFB to fund this through borrowing; however, LFB anticipate that the investment in the listed building will result in a positive impact on the value of the 8AE development scheme as the developer would no longer be required to invest in the building fabric to this extent.

The report also includes an additional £47,000 cost per annum for scaffolding hire, licence and weekly inspections. This cost will be contained within the existing property maintenance budget from 2022/23. The report also notes that revenue expenditure of £80,000 has also been incurred to assure the health and safety of the 8AE site, which has been contained within the LFB's maintenance budget.

### **Legal Comments**

Legal comments are built into the body of this report and reflected in Part I also.

### **Confidential Appendices and supporting papers:**