

# CABINET

## Decision to Consider Sustainability of a Council Housing Dwelling Block

6 February 2024

### Report of Jo Wilkinson, Chief Officer Housing and Property

PURPOSE OF REPORT			
To seek decisions from Cabinet regarding the future sustainability of Bridge House, Mainway, in the context of the ongoing Mainway project and liabilities contained within the Building Safety Act.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	6 <sup>th</sup> November 2023		
This report is public			

#### RECOMMENDATIONS OF Cllr CAROLINE JACKSON

- (1) That the decision to cease to let empty properties in Bridge House, Mainway, be approved.
- (2) To note that options to facilitate vacating the remainder of Bridge House, Mainway, will be explored by officers.
- (3) That should the BFLR funding application in paragraph 3.3 be successful the Chief Executive has delegated authority to approve acceptance of any attendant funding award following publication of key decision notice as required.

#### 1.0 Introduction

- 1.1 Bridge House, as with the other blocks across the Mainway estate, is a 'Wimpey no-fines', construction – at the time, a radial system build design, constructed in mass concrete forms, cast in-situ on site using standardised formwork around a common plan.
- 1.2 This method initially boasted enhanced thermal properties but has become synonymous with poor weathering, which in turn accelerates carbonation in the concrete forms and corrosion in the steel reinforcement which damages the

structure, causes cracking and progressive deterioration, promoting damp and condensation within the dwellings with attendant high heating costs.

- 1.3 In the 1980's, the above deficiencies led a decision to fully refurbish Mainway and upgrade the external facades with the addition of 'Struchtherm' cladding, a composite render and insulation system.
- 1.4 Struchtherm has an anticipated lifecycle of 25-30 years. However, the Mainway site occupies an exposed position on the Lune estuary. In the 25 years since installation, accelerated weathering and related maintenance issues has degraded the cladding system resulting in a progressive dilapidation a loss of integrity, and the numerous defects and failures.
- 1.5 Anecdotally, the failure of the built environment is evidenced in the experience of residents reporting damp and cold, water penetration and drafts.

## **2.0 Background – Malone Associates Report (2018)**

- 2.1 In 2018 the Council Housing service commissioned Malone Associates, a chartered building consultancy with specialist expertise in high rise building defect analysis, to provide a comprehensive report on the Mainway Estate.
- 2.2 **Structural integrity:** The report described the structural integrity of Bridge House as showing massive signs of external render failure, which is concentrated to the northwest and southwest elevations, and that this has to be of significant concern with regard to safety of the general public, with surveyors removing some large pieces of loose render before they fell to the ground.
- 2.3 **Water ingress:** The report stated that the surface of the render coating has lost integrity, degrading the ability to shed water, allowing water to penetrate directly into the insulation system and through failed day joints and construction joints. Additionally, the survey records the failure of seals around windows, openings and the balconies. Water ingress in Bridge House is strongly evidenced by high moisture level readings and photographic evidence.
- 2.4 **Thermal performance:** Through the above failures, water has entered the insulation system and is documented in the report for Bridge House. Insulation was found to be significantly wet in some areas and wet insulation has a significantly reduced U-value<sup>1</sup>.
- 2.5 **Concrete Component Defects:** The survey revealed carbonation and chloride attack of concrete components recording cracking, failure and corrosion of reinforcement at high level.
- 2.6 In conclusion, the advice from Malone Associates issued in 2018 is unequivocal. For Bridge House 'there are massive signs of external render failure, which is concentrated to the northwest and southwest elevations. These (Bridge House) high rise blocks are scheduled for complete renewal of the EWI (cladding) system, as damage is so extensive that we do not consider repair to be a cost-effective solution. We recommend that the work is carried out within 3-5 years.'
- 2.7 The report does also states that removing the EWI (cladding) risks making the buildings uninhabitable. The building fabric relies for weathering and thermal performance on the external wall insulation system. Exposing the underlying structure to the elements will result in water penetration and removing the insulation will reduce the U-value to below a lettable standard.

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<sup>1</sup> The u-value is the rate of heat transfer through a structure.

2.8 In summary:

- The Scructherm cladding installed in the 1990's has exceeded its lifecycle, leading to significant structural failure, cracking, corrosion and water penetration.
- Practical fire safety improvements without removal of the cladding appear unfeasible.
- High rise blocks on the estate, particularly Bridge House, show advanced dilapidation and require intervention within 3-5 years.
- Bridge House, due to concerns over the condition of the northeast elevation and cracking in the facades, corrosion of the upper concrete forms, and water ingress, is a priority. The overall condition supports urgent intervention.
- Removal of the existing cladding risks making the building uninhabitable.

2.9 It should be noted that the condition of Bridge House has been regularly monitored since 2018 to offer reassurance of the continued safety of all residents. This includes regular visual inspections, and a programme of fire risk assessments with associated remedial works.

2.10 In addition, the Building Safety Act 2022 has created the requirement to enhance building safety standards. Bridge House is particularly impacted by the cost of these requirements.

### **3.0 Current Mainway lettings position and project context**

3.1 In response to the report from Malone Associates, the requirements of the Building Safety Act, and in the context of other building and housing management challenges presented by the Mainway estate, a project began in 2019 to create a sustainable long-term masterplan for Mainway. This project has been subject to Cabinet scrutiny through a series of reports.

3.2 As the project has developed operational decisions have been made to pause the letting of dwellings on Mainway while clarity on the future phasing of the Masterplan is achieved. The Housing Service has balanced a number of factors in making these decisions, with the aim of providing continued safety for residents, ensuring responsible investment in the maintenance of the blocks, and minimising void rent loss and other costs.

3.3 With the development of Phase 1 of the Mainway Masterplan (on the Skerton School site), and subsequent firming up of phasing timescales across the rest of the current Mainway site (with works proposed between February 2027 and December 2030) it has become possible to make decisions with an increased degree of certainty about the future of certain blocks on the estate.

3.4 Since October 2023 empty homes within low rise blocks across Mainway are being relet as standard (except where maintenance and other costs make this uneconomical). Empty homes within high rise blocks are not currently being relet pending operational decisions.

3.5 As at 15 January 2024 there are 48 empty properties on Mainway, of which:

- 20 are within Bridge House (pending decision in this report)
- 20 are within other high-rise blocks (Park House, Skerton House) of which 10 are deemed uneconomical to relet in light of the phasing plan (2.3)
- 8 are within low rise block of which 4 are deemed uneconomical to relet and four are being relet through the standard process.

3.6 Bridge House currently has an over 50's letting policy. Indications are that a

number of these residents may seek a permanent move into suitable Independent Living accommodation, if this could be supported by the Housing Team.

- 3.7 33 of the 44 dwellings within Bridge House are two-bedroom accommodation and are not dwellings of choice either for the large number of housing applicants with a one bed need (due to affordability) or those seeking family accommodation (for whom a high-rise block presents practical difficulties).

#### 4.0 Proposal Details

- 4.1 The proposal is that Bridge House be decommissioned and removed from use as a dwelling block, that options be explored to support current residents to move into suitable alternative Council (or other) accommodation and that empty homes within the block are not relet.
- 4.2 The primary reason for this decision is the condition of the building, the risk posed to residents and other users, and the long-term future of the block in the context of the challenges outlined in the report by Malone Associates report. The financial implications associated with this proposal support the decision to decommission the building.
- 4.3 With Bridge House, the risk being carried regarding the structural integrity of the building and the safety of residents is greater than other dwelling blocks on Mainway, as are the maintenance costs associated with this. In addition, the requirements of the Building Safety Act 2020 further increase the cost liabilities (to note: the building is safe and is subject to regular inspection, but of the three high rise blocks is considered the one closest to end of life and most likely to fail).
- 4.4 Having previously successfully achieved an award of Brownfield Land Release Funding (BLRF) for Mainway Phase 1, and the demolition of Skerton High School, a further application is being submitted to support demolition costs associated with Mainway Phase 2. This application also includes Bridge House as a possible demolition site.
- 4.5 The decision to decommission Bridge House should also be understood in the context of the wider Mainway project, and the Council's ambition to deliver significantly more council and affordable homes than are currently on the estate.

#### 5.0 Financial Implications

- 5.1 Based on 100% occupancy, the decision to decommission Bridge House would result in the loss of £185k per annum in rental income. In addition, should roof space no longer be available at some future point this would see the loss of £20k per annum in rental space for antennae and masts.
- 5.2 Should Bridge House remain in use a number of maintenance and building safety/compliance related costs would be incurred at varying points in the building's future life cycle. These include:

Cost	Type	Detail
£170k	Building Compliance works	To ensure resident safety.
£55k	Responsive Repairs	Per annum (based on 100% occupancy)
£750k	External cladding	Replacement of failing cladding system
Unknown	Capital and planned maintenance	Programmed replacement of windows, heating systems, etc.

5.3 There are additional financial risks in retaining Bridge House in use. In line with the conclusions from the Malone report, structural issues may present themselves at some future point requiring remedial works of unknown costs. As per 2.7 (above) removal of the EWl (cladding) system for replacement could cause the failure of the building, leaving it uninhabitable.

## 6.0 Details of Consultation

6.1 Since 2020 residents across Mainway have been consulted with regularly as the Mainway project has developed. This includes a permanent Mainway Hub, on Owen Road, for residents to speak directly with staff.

6.2 At the recent pre planning engagement event at Fathers House, on 27<sup>th</sup> November 2023, residents were provided with information about future phasing of the project, and it was indicated to residents that it was currently uncertain where in the phasing Bridge House would sit, and that the housing service are in the process of developing a proposal for the future of the building.

6.3 In January / February 2024 all residents on Mainway will receive a home visit from housing staff to update on the project in light of updated phasing information as well as block walkabouts to consider improvements that could be brought forward now the phasing of the estate is more certain. Bridge House residents will be visited once this report has been considered by Cabinet. In the event that the decision is made to cease use of Bridge House support to rehouse (including financial support) will be provided to affected residents.

6.4 From 24<sup>th</sup> January 2024 a three-week consultation exercise began with all residents living in Bridge House: to explain the implications of the decision sought in this report, to outline housing options available and support to be provided by the housing team, and to understand and respond to any concerns or questions raised in this report.

6.5 In line with the requirements of the Building Safety Act 2022 a residents Building Safety Group is in place, as a forum for residents to discuss and understand any safety related concerns they may have regarding their block. The outcomes of this group are especially relevant to residents within high rise blocks on Mainway.

## 7.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> Cease to let dwellings within Bridge House and support current residents to move out of the block.	<b>Option 2:</b> Commit to fully tenanting Bridge House while it remains operational.
Advantages	Safety risks are eliminated, and maintenance and other costs are not incurred	Rental income can be achieved in the short term.
Disadvantages	Loss of income from rents would be seen – this has provisionally been factored into the HRA budget report.	The exact lifespan of the block is unknown. It is feasible that significant money may be spent on the block only for it to be considered unsustainable in the near future.

Risks	An empty block would pose its own security risks, which would need management by the service.	Financial liabilities relating to tenanting the block make this a risky financial decision. Failure of the cladding, and the risk to health and safety, is likely to be an increasing risk.
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**8.0 Officer Preferred Option (and comments)**

8.1 Due to the current condition of Bridge House and the risks relating to this, Option 1 is the preferred option.

**9.0 Conclusion**

9.1 It is recognised that the decision to cease letting of Bridge House will impact current residents. The housing team are committed to supporting residents to accessing a suitable alternative housing solution, including financially in respect of reasonable moving costs.

9.2 In addition, ceasing to let Bridge House creates some flexibility within the Mainway project regarding the prospective demolition of the block.

9.3 It should be noted that the loss of rental income for this block from April 2024 onwards has currently been built into HRA budget projections to be presented to Cabinet within the HRA Budget Report for consideration in February 2024.

**RELATIONSHIP TO POLICY FRAMEWORK**

This proposal is in support of wider Council ambitions to deliver redevelopment of the Mainway Estate. More widely, it supports the objectives within the Council plan to promote a sustainable district, and health and happy communities, by contributing to the development of the Mainway Masterplan and the provision of new affordable homes.

**CONCLUSION OF IMPACT ASSESSMENT  
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

The impact of this decision will be mitigated. Residents currently living in Bridge House will be supported to move elsewhere within the council's housing stock, into alternative accommodation which meets their needs as assessed using the standard allocation criteria. This support will be offered through a home visit and an agreed plan of action on a case-by-case basis.

**LEGAL IMPLICATIONS**

Officers should take appropriate legal advice on the possibility of relocation of residents from Bridge House. This will involve consideration of the Council's duties under the Land Compensation Act 1973 (home loss payment) and the Council's rights and powers to relocate tenants in accordance with its tenancy and the Housing Act 1985. It may also involve consideration of the Council's use of its Compulsory Purchase powers.

It is critical that officers follow the correct statutory/legal procedure in seeking to relocate tenants from Bridge House and that all appropriate legal and financial due diligence is undertaken at appropriate stages.

Moreover, officers need to bear in mind and have regards to the Council's obligations under the Equality Act 2010 and in particular to the Council's s149 duty. A decision on whether to relocate tenants from Bridge House will also engage Human right issues – such as the right

to private and family life (Art 8).

Officers should also seek legal services' advice and assistance on legal documents with regards to relocation of tenants. This may include agreements and deeds of surrender.

### **FINANCIAL IMPLICATIONS**

The closure of Bridge House would result in the loss of rental income from dwellings in the region of £185K p.a., based on full occupancy. Rental of roof space for telephone masts / antenna also generates around £20K p.a., which would come to an end as and when the building was no longer available for this purpose. However, this loss of income would be offset by a reduction in spend on responsive repairs (£55K p.a. based on average annual spend per property), significant building compliance works to meet legislation, planned replacement of internal fixtures and fittings, and the potential cost of re-cladding.

These funds can be redirected to address the needs of other areas of the estate, or wider afield, if required. As much of the work would need to be carried out with urgency, particularly surrounding building safety compliance, the likelihood of future rental income covering the investment is low, given the period in which the cladding is expected to fail.

Ultimately, the true cost to the Council of a failure in the cladding, or another structural defect due to the age of the building, while the block is occupied may far exceed the income lost in the intervening period until the masterplan for Mainway has been fully developed and approved.

In anticipation of this decision, future years' estimates have been prepared on the basis that rental income from Bridge House is phased out after Q1 of 2024/25. It should be noted that any future decision to demolish Bridge House will create a liability for the Council of around £185K in home loss payments payable to existing tenants. Should the remaining units be let, this liability would increase by up to £154K.

### **OTHER RESOURCE IMPLICATIONS**

#### **Human Resources:**

No HR implications known

#### **Information Services:**

No Information Services implications known

#### **Property:**

No Property implications known

#### **Open Spaces:**

No Open Spaces implications known

### **SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and would draw Members attention to the following comments within the Financial Implications

*“Ultimately, the true cost to the Council of a failure in the cladding, or another structural defect due to the age of the building, while the block is occupied may far exceed the income lost in the intervening period until the masterplan for Mainway has been fully developed and approved.”*

Both Members and Officers are working to ensure the Mainway Project delivers a solution that balances the needs and desires of its tenants and the aspirations of the Council with the financial constraints it currently faces.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and would draw members attention to the legal implications and the need to ensure any legal issues are addressed before any action is taken.

#### **BACKGROUND PAPERS**

None

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