

DERBYSHIRE COUNTY COUNCIL

CABINET

7 July 2015

Report of the Strategic Director of Corporate Resources

**DEMOLITION OF BUILDINGS
(COUNCIL SERVICES)**

1 Purpose of the Report

To seek Cabinet approval to set aside £1 million from General Reserves to create an earmarked reserve to help meet the cost of demolition of redundant Council properties.

2 Information and Analysis

The County Council has a number of properties in its portfolio that are no longer needed for operational purposes which are not being held for sale. Holding such properties incurs costs associated with securing the properties; potential risks of vandalism and general anti-social behaviour at the sites.

To facilitate the sale or development of a site the demolition of the existing buildings and/or site clearance is often required. However, where a building is demolished and there are no immediate plans to sell the remaining land or to construct a building of similar purpose to that of the demolished asset the costs of demolition cannot be covered by capital funding and have to be met from revenue funding, as it is not subject to the same criteria as capital funding.

The Council has a number of surplus property assets that have previously been approved as surplus to the Council's requirements such as the former Derwent House HOP in Chesterfield and the Dales HOP in Repton. Both are subject to ongoing maintenance and security costs, having no available budget to cover site clearance. In total, the Council has around 20 sites which fall into this category. Whilst maintenance and security costs can vary considerably between sites, the average annual cost per site is £25,000. The actual demolition costs per site depend upon size and type of construction, and issues of potentially hazardous materials like asbestos but the average cost is in the region of £75,000 to clear a site.

It is therefore proposed to use £1m of General Reserves to create an earmarked reserve for the purpose of undertaking these demolition works that cannot be covered by capital funding. This would allow for approximately 12 - 15 problematic sites to be cleared. Officers would expect to make savings of

between £100,000 - £200,000 per annum as a result of no longer having to provide security and maintenance for these buildings.

The demolition of individual properties would be subject to the Council's normal approvals processes.

3 Financial Considerations

The risk assessed General Reserve balance will be in the range of £20m-£35m over the medium term, which is at a level considered appropriate for an organisation of the Council's size and complexity.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered: legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

5 Key Decision

No

6 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No

7 Background Papers

Files held in County Property and the Corporate Accountancy and Technical Sections of Corporate Finance.

8 Officer's Recommendation

That Cabinet approves the use of £1 million from General Reserve to create an earmarked reserve for the purpose of funding demolition works on sites where capital funding cannot be utilised.

JUDITH GREENHALGH

Strategic Director of Corporate Resources