

DECISION-MAKER:	CABINET
SUBJECT:	TOWN DEPOT - CAPITAL EXPENDITURE FOR DEMOLITION
DATE OF DECISION:	26 SEPTEMBER 2011
REPORT OF:	CABINET MEMBER FOR RESOURCES LEISURE & CULTURE
STATEMENT OF CONFIDENTIALITY	
Not applicable.	

BRIEF SUMMARY

The Capital Update report presented to Council on 14 September 2011 includes an addition to the Resources Portfolio Capital Programme for the demolition of surplus redundant buildings at the old Town Depot. Subject to approval of the Capital Programme 2010/11 to 2013/14 by Council this report seeks approval for expenditure of £550,000 phased approx. £250,000 in 2011/12 and approx. £300,000 in 2012/13.

RECOMMENDATIONS:

- (i) To approve in accordance with Financial Procedure Rules capital expenditure of £550,000 phased approx. £250,000 in 2011/12 and approx. £300,000 in 2012/13.
- (ii) That the Head of Property and Procurement is granted Delegated Powers to vary the scope and programme of the work following consultation with the Cabinet Member for Resources, Leisure and Culture within the overall budget parameters of the scheme.
- (iii) To delegate authority to the Chief Financial Officer, following consultation with the Cabinet Member for Resources, Leisure and Culture to approve additional expenditure of £100,000 for the demolition and associated costs, bringing the total scheme up to a maximum of £650,000.

REASONS FOR REPORT RECOMMENDATIONS

1. The Council's approved Capital Programme for 2010/11 to 2013/14 includes a scheme for the demolition of surplus redundant buildings at the old Town Depot. Cabinet authority is required for the approval to spend. This report is the vehicle for obtaining the necessary approval. Demolition of all redundant buildings at the Town Depot plus enhanced perimeter site security is a significantly more cost effective alternative to retention of the buildings over an assumed five year void period.

DETAIL (Including consultation carried out)

2. In November 2009 Cabinet authorised the construction of the new City Depot at Dock Gate 20 Millbrook, and approved the capital costs of the new facility. The moving out of services from Town Depot has already commenced and is scheduled to be complete by 31 December 2011.

3. On 29 September 2009 cabinet took the decision to market the Town Depot site and to secure a development partner for the redevelopment of the Town Depot site and adjacent land for a major leisure led mixed use development.
4. **Consultation with the Head of City Development** - During 2009 the council commenced a two stage competitive tendering exercise through OJEU for the selection of a development partner. The intention is to work with a developer to enter into an exclusivity agreement which will enable them to conduct site investigations and to test development viability. If the developer can demonstrate viable development (which is not guaranteed) that meets the council's aspirations, it will then enter into negotiations to sign a Development Agreement which could take up to 9 months or so to complete. Thereafter the programme could include an 18 month period for the submission and determination of a planning application including the judicial review period prior to any development commencing on site but excludes any time provision for Compulsory Purchase Orders (CPO's). If development proposals are not viable then a further marketing exercise may be required in better market conditions. The best case scenario is a disposal of the site in a minimum of 3.5 years but more realistically this will take 5 years or more.
5. A feasibility study has estimated that the costs of demolition down to slab level including removal of fuel tanks plus associated site security is within the range of £550,000 to £650,000 including asbestos removal.
6. The risk of asbestos costs escalating can be mitigated if phased intrusive asbestos surveys are undertaken as and when buildings become vacant so that the extent of asbestos is known in time for the tendering for the main demolition contract.
7. An Options Appraisal has demonstrated that the cost of demolition and management of a vacant site is the more cost effective option than retention of the buildings for which there is a significant, empty rates liability, insurance, repairs and maintenance and boarding up costs and additional security costs. The buildings are of poor quality and would be highly unlikely to attract temporary uses.
8. **Temporary open site users:** a demolished site will allow potential revenue earning uses such as a lorry park, car park including stadium match-day parking, boat show park and ride, coach depot, container storage, car boot sale venue. No consultations have yet been carried out with potential parties. Whilst there would be likely to be planning objections to a car park, this may not be the case for a lorry park. It may take a while to establish such a facility which may include additional washing and catering facilities but this option could be explored after demolition. Potential use as a lorry park strengthens the case for demolition. If this is feasible the Head of Parking Services advises that the Council should be seeking a minimum target revenue income of £30,000 p.a. after costs. However use as a lorry park would only be an interim use so the Council would need to consider the implications for future service provision when the site is eventually sold for redevelopment.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

9. The Options Appraisal considered retention of all buildings, and retention of permanent building structures whilst removing temporary structures. The clear business case favoured demolition of all buildings which are poor quality, with the sole exception of the former window factory which has potential to be let out and generate rental income. Retention of all buildings would not be cost effective over the assumed 5 year void period as the cost of boarding up, enhanced security costs and empty rates liability would exceed the initial outlay on demolition by approx £65,000 over an assumed 5 year void period. Demolition will have the added benefit of enhancing the capital receipt on eventual disposal and provides more opportunities for storage or lorry parking income to off-set costs.

RESOURCE IMPLICATIONS

Capital/Revenue

10. Subject to approval of the Capital Programme 2010/11 to 2013/14 by Council on 14 September the scheme was added to the Resources Capital Programme, phased £250,000 in 2011/12 and £300,000 in 2012/13. The scheme will be funded by Direct Revenue Financing from General Fund Balances. Any addition and subsequent approval to spend, up to a scheme value of £650,000, will need to be approved by the Chief Financial Officer following consultation with the Cabinet Member for Resources, Leisure and Culture and will also be funded by Direct Revenue Financing from General Fund Balances.

Property/Other

11. A largely cleared site will also enhance the appeal and value of the site when marketed for disposal.
12. The former window factory plus the former recycling bin storage space on Endle Street have letting potential to bring in a total of approx £40,000 pa.

LEGAL IMPLICATIONS

Statutory Power to undertake the proposals in the report:

13. Section 2 Local Government Act 2000 provides broad powers for the Council to do anything which it considers is likely to achieve the promotion or improvement of the economic social or environmental well being of its area.

Other Legal Implications:

14. It is necessary to apply to the local planning authority for a determination as to whether prior approval is required for the method of demolition. The planning authority will also consider whether the demolition project is likely to have significant environmental effects, possibly requiring from the applicant an Environmental Impact Assessment and for a screening opinion to be issued.

POLICY FRAMEWORK IMPLICATIONS

15. The proposals are not contrary to the Policy Framework.

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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	None
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Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject/recommendations in the report require an Integrated Impact Assessment to be carried out.	Yes/No
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Other Background Documents

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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Integrated Impact Assessment and Other Background documents available for inspection at:

WARDS/COMMUNITIES AFFECTED:	
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