

USE OF PROPERTY PROJECTS EARMARKED RESERVES

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Mrs Darienne Law, Head of Corporate Resources
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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

The proposals demonstrate a transparent use of resources enabling residential redevelopment of vacant and dilapidated buildings which have no future use.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

Executive approval is required prior to the transfer and use of earmarked reserves.

RECOMMENDATION:

That Executive to approve the transfer of £27,000 from the earmarked reserve account to the Land Management Budget to fund the demolition of two Council owned properties at Newlands Avenue in Whitehaven and at Haverigg.

1. INTRODUCTION

- 1.1 The Council holds earmarked reserves for the purpose of funding the costs of property projects where no budget exists and which cannot be funded from capital receipts.
- 1.2 The reserve fund is topped up on an annual basis from deminimus capital receipts of less than £10,000 which are classed as revenue income. Sales agreed to date that will be fed back into the reserve fund currently stand at £20,500. The current reserve balance is £56,527.

2. PROPOSALS

- 2.1 The buildings have reached the end of their useful economic lives and have been earmarked for demolition. Members have been fully informed on the condition and proposals for both properties. A point of note is that, Haverigg Community Centre was closed in April 2012 following an Executive Decision to do so In August 2011 due to the state of the building and the opening of the Lighthouse Centre community facility. Newlands Avenue was marketed in November 2009, however no interest was received.

- 2.2 Following demolition of the buildings, the land will be marketed for sale as residential infill plots and it is expected that a capital receipt of circa. £65,000 will be received in this financial year.
- 2.3 The cost demolition of both properties has been estimated by the Council's Property Surveyor at circa. £27,000. Any underspend will be returned to the reserve fund at the end of the current financial year.

3. ALTERNATIVE OPTIONS TO BE CONSIDERED

- 3.1 Do nothing. This will result in the properties staying vacant and incurring empty rates and security costs of approximately £4,000 per annum.
- 3.2 Further marketing of the properties for sale. Due to the dilapidated state of both properties, any purchaser would need to inject a large amount of capital to put the properties back into reasonable condition.
- 3.3 The Newlands Avenue property is classed a commercial building; however Planners have confirmed that the land on which the property sits is suitable for residential development. The land value therefore outweighs the value of the property as it currently stands.
- 3.4 The new Lighthouse Centre opened in Haverigg recently, removing the need for a small community centre. Again, the Planners have confirmed that residential development would be supported on the vacant site allowing the Council to recognise uplift in the current value with the building in situ.

4. CONCLUSIONS

- 4.1 The demolition of these properties supports effective asset management, conforming to 4.1 and 4.4 of the Council's Corporate Plan to respond to customer needs and provide a transparent use of resources.
- 4.2 Executive is asked to approve the transfer of monies to fund the demolition of 2 no. Council owned buildings. This will allow the resultant vacant land parcels to be marketed to achieve a capital receipt.

5. STATUTORY OFFICER COMMENTS

- 5.1 S151 Officer comments are: This provides an opportunity to reduce the Council's liabilities and achieve a capital receipt. The use of the reserve to this end is entirely proper.
- 5.2 Monitoring Officer comments are: The proposals require Executive approval under revised Financial Regulations. Proposals appear to support corporate objectives as set out in para 4.1.

- 5.3 EIA comments are: There is a new community facility in Haverigg which now meets the needs of the community. The Newlands Avenue property has been proved surplus as previous marketing has brought forward no interest in acquiring the building.
- 5.4 Policy Framework: Report conforms with corporate objectives 4.1 and 4.4.
- 5.5 Other Consultees: None
- 6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**
- 6.1 The Council's Property Team will manage the demolition of both properties and the subsequent marketing of the land. The project and risks will be managed by them.
- 7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?**
- 7.1 The Council will receive the benefit of the uplift in value of the properties from their current use value to residential development value following demolition.
- 7.2 The Council will be seen to be taking a proactive approach in the management of its surplus vacant properties.

List of Appendices

None

List of Background Documents:

Previous Executive Report dated 22.8.11