

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

13 JULY 2018

REPORT OF THE PORTFOLIO HOLDER FOR HOUSING

A.3 THE DEMOLITION OF THE HONEYCROFT SHELTERED HOUSING SCHEME (Report prepared by Tim Clarke)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek agreement from Cabinet to demolish the main scheme building at Honeycroft.

EXECUTIVE SUMMARY

Following Cabinet's decision on 23rd March 2018 the main scheme building at Honeycroft has remained closed.

Although vacant the property still incurs costs to the Housing Revenue Account (HRA).

The condition of the building is such that demolition is the only viable course of action whilst a decision is taken on the future of the site as a whole.

Therefore, it is proposed that the building be demolished which will provide estimated annual savings to the Housing Revenue Account (HRA) of **£37,000**. Options in respect of the future for the site will be brought back to Cabinet once fully evaluated.

RECOMMENDATION(S)

It is recommended that Cabinet agrees that:

- 1. the Corporate Director (Operational Services) be authorised to make arrangements for the demolition of the main scheme building at Honeycroft; and**
- 2. further work be continued by officers, in consultation with the Portfolio Holder for Housing, exploring the future use of the site after detailed financial modelling within the HRA and subject to the emerging Housing Strategy. Consultation on proposed future options to include Lawford Parish Council.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The decisions will contribute to the following priorities in the Corporate Plan 2016-2020:

Health and Housing – The proposals mark a further step towards providing more suitable accommodation on the site.

Our Council Our Community – The demolition of the building will provide confidence to the community and existing bungalow residents that the Council is taking positive action in relation to the future of the site.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The cost of demolition has been estimated at up to £250,000 based on a quotation obtained in May 2018. A formal procurement exercise will be carried out to ensure the best price is obtained.

It is proposed that the cost of demolition will be taken from the existing HRA Capital Programme.

A formal valuation of the site, as would normally be required when the use of a building is to be changed, has not been obtained at this stage and will be carried out as part of an options appraisal into the future of the site that will be subject to a future Cabinet decision.

As reported to Cabinet on 23 March 2018, the ongoing costs once fully vacant total **£49,877**, which will continue until such time as a decision is made on the future of the Honeycroft site. The amount includes one-off costs associated with security, etc. but is comparable to the annual net ongoing cost of **£84,356** if the scheme had remained open and operational and occupied at average historic levels

Following Cabinet's agreement to close the scheme at its meeting on 23 March 2018, the difference between the two figures above has therefore already been removed from the budget.

If it is now agreed to demolish / dispose of the site, then further reductions in costs can be secured. Of the **£49,877** figure set out above, it is possible to reduce the budget by a further **£37,000** on an ongoing basis. The difference relates to employee costs which are charged across a number of sheltered schemes and these will be revisited as part of the wider review of sheltered housing that will be included within the Housing Strategy that is currently be developed.

Risk

There are few risks associated with the proposals:

Financial – the costs of demolition and making good of the neighbouring building could be higher than estimated but this risk will be minimised through a robust procurement exercise and officers believe that the maximum of £250,000 allocated from the HRA Capital Programme will cover all of the associated costs.

Reputational – the longer the building remains vacant for, the more likely it is to attract unwanted attention through vandalism, etc. Residents of the bungalows on the site are concerned about security and safety. This risk can be mitigated by initiating demolition as soon as possible.

LEGAL

The proposed actions are within the Council's legal powers

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Area or Ward affected – Ward Members from Lawford will be informed of the proposals.

Consultation - residents of the bungalows on site will be consulted and advised on the process of demolition which might cause some disruption to them for a limited period of time.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

At its meeting on 23rd March 2018 Cabinet took the decision to close both the Honeycroft and Spendells sheltered housing schemes.

Both schemes are now vacant and this report focusses on the immediate future of the main scheme building at Honeycroft.

Honeycroft

Since the main scheme building at Honeycroft became vacant in October 2017 following legionella concerns it has been closed down. Unfortunately during the cold weather a water supply pipe burst on the first floor which resulted in some significant water damage to part of the building.

The condition and suitability of the building prior to closure have been documented in the previous reports to Cabinet on 10th November 2017 and 23rd March 2018.

The building is currently costing the HRA £49,877 annually and these costs cannot be avoided unless the building is demolished.

A basic quote for the demolition of the building of £130,000 has been provided to the Council as a guide. Additional costs associated with wildlife surveys, statutory undertakings, asbestos removal and disposal of all rubble from site will add to that figure.

Officers estimate that the total figure for demolition of the building including removal of the foundations and floor slab and making good to the neighbouring property are likely to be over £200,000 but the true costs will not be known until more detailed quotes are obtained and the work commences on site. This is a one-off cost to the HRA Capital Programme after which the site will require only monitoring and basic grounds maintenance. A formal procurement exercise will be undertaken to ensure value for money and suitability of contractor. Officers believe that a budget allocation of £250,000 will cover all costs involved in the safe demolition of the building and basic landscaping.

An alternative to demolition is to explore the sale or lease of the building on the open market. Given its condition and the fact it is on a site containing eight sheltered bungalows and a small block of general needs flats it is not deemed feasible to sell or lease the building as it is and any future use would need to be compatible with the existing uses on site. Once the demolition has taken place the future of the site as a whole can be considered in accordance with the emerging Housing Strategy.

By way of update, officers are working on future options for the Spendells House site in Walton and a report will be brought forward in due course for a decision.

BACKGROUND PAPERS FOR THE DECISION

Report to and Minutes of Cabinet - November 2017

Report to and Minutes of Cabinet - 23rd March 2018

APPENDICES

None