
Executive Decision Affordable Housing at The Leys

Decision to be taken by: City Mayor

Date of decision: 17 December 2024

Lead director/officer: Chris Burgin

Useful information

- Ward(s) affected: Beaumont Leys
- Report author: Beverly Wagstaffe – Housing Development Officer
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- Report version number: 4

1. Summary

The purpose of this report is to seek approval to demolish The Leys building at the earliest opportunity and build new affordable council homes on the site, the adjacent open space land and vacant land known as John Calvert Court.

2. Recommended actions/decision

It is recommended that the City Mayor approves:

- 2.1 The demolition of The Leys building at the earliest opportunity at an estimated cost of £800k.
- 2.2 The acquisition of the John Calvert Court site for the sum as set out in the confidential Appendix B.
- 2.3 The appropriation of the adjacent open space from the General Fund to the Housing Revenue Account (HRA) for the sum of £65k.
- 2.4 The delivery of a new build council housing scheme which is affordable to the HRA across the sites of The Leys, the adjacent open space land, and the John Calvert Court.

3. Scrutiny / stakeholder engagement

- 3.1 Housing and Neighbourhoods Deputy City Mayor and Ward Councillors have been consulted.
- 3.2 There will be the opportunity for further consultation during the new build design stage.

4. Background and options with supporting evidence

- 4.1 In September 2022 Leicester City Council declared a housing crisis highlighting a shortage of social housing across the city. The Leicester Housing Needs Assessment 2022 identified a need for around an extra 15,500 affordable properties over the period of 2020-36. To seek to address this need, the Council has an ambitious target of achieving an additional 1,500 new council, social and extra care/supported living homes by 2027. An opportunity has arisen to develop three adjoining sites, which if combined, provides the potential for up to 52 new affordable homes for rent. Appendix A shows the sites under consideration.
- 4.2 The Leys Building (Land edged red in Appendix A)

Having been empty for over 2-years, the Council acquired The Leys in 2019 with the aim of refurbishing the property for affordable rented accommodation. The property comprises of 11 single bedroom flats and 22 bedsits (total of 33 units) over seven floors. Consultants have estimated it would cost £4 million to bring the property back to a lettable standard. However, due to space constraints only three of the newly refurbished units would comply with the current National Described Space Standard, a minimum standard which the Council seeks all new build affordable housing to meet.

To date it has proved challenging to secure a contractor to carry out the refurbishment works with two failed attempts in August 2022 and January 2023 due to higher than expected costs related to the rectification of defects associated with the buildings structure and fabric.

Since then, the building has fallen into a state of disrepair and whilst it remains empty the HRA is incurring annual council tax liability costs, which for 2024/25 are £175k. Additionally the empty building is attracting anti-social behaviour resulting in the need to undertake regular security patrols to minimise risks associated with unlawful access of the property.

Given the council has been unable to secure a contractor to refurbish this property and the wider impact its dilapidated condition is having on the surrounding area, refurbishment is no longer considered a viable option.

At this stage demolition costs are estimated to be in the region of £800k which includes the specialist removal of asbestos located within the roof construction.

4.3 The Adjacent Open Space (land edged blue in Appendix A)

The adjacent open space to The Leys provides a small seating area and is owned by the Council under the Neighbourhood and Environmental Services division, with the General Fund. Since the proposed housing development will take place within the HRA, it is necessary to appropriate this piece of land.

Based on existing use values, Estates and Building Services have valued this land at between £60,000 to £70,000. The HRA would then pick up the cost of planning, including changing the use from open space to housing. This report recommends that the land be appropriated to the HRA for £65,000.

Initial proposals are for the new build housing scheme to include a small toddler play area for use by the wider community. This provision will complement the existing Multi-Use Games Area (MUGA) opposite the site off Balisfire Grove which the Council has secured funding to improve and will be delivered by under a separate contract.

4.4 John Calvert Court (land edged yellow in Appendix A)

This is the site of a former residential home owned by Sanctuary Housing which has subsequently been demolished. After several months of negotiations officers have reached an agreement with Sanctuary Housing that the Council could acquire this site for the sum as set out in the confidential Appendix B subject to contract and due diligence.

The Registered Title includes the following covenants:

1. A small triangle of land in one corner is assigned as public open space on the Title – see Appendix A.
2. The land can only be used for the purposes of an elderly persons home.

The intention is upon completion of the purchase that both covenants will be removed from the Title thereby releasing the entire site for new build general-purpose affordable council housing.

4.5 Planning

Planning have indicated these sites are all allocated for residential use within the saved policies of the Local Plan. Although this would result in the loss of some public green space, this is not allocated.

With regards to the design, the site significantly falls from Milton Crescent to Upper Temple Walk. Therefore, in keeping with the surrounding area, there is the opportunity to build up to 4 storeys on some parts of the site.

4.6 Financial implications

Officers estimate the project costs for demolishing The Leys, acquiring the adjacent parcels of land, and building new council housing to be circa £14.3 million depending on the number and type of units built. To progress this scheme, it needs to be financially affordable to the HRA. To achieve financial viability the scheme will need to provide at least 36 units of accommodation. The site significantly slopes away from Milton Crescent towards Upper Temple Walk. Excluding The Leys building, the surrounding properties are mainly 3 to 4 storeys high. Therefore, this site provides an opportunity for a range of property types including some mid-rise up to 4-storey flats/maisonettes making effective use of the site to meet local housing needs whilst also supporting financial viability of the project.

4.7 Next Steps

Subject to approval of this Executive Decision:

1. That a contractor is appointed to demolish The Leys building at the earliest opportunity.
2. That the adjacent open space land is appropriated to the HRA in advance of the demolition of The Leys acknowledging that this land will need to be fenced off to ensure there is a safe working area during this activity.
3. Subject to legal due diligence, officers will progress the acquisition of The John Calvert Court land.
4. All three parcels of land, referred to above, are developed for new build affordable council housing. Hence consultants are appointed to support officers with the design process, obtaining planning permission, tendering to appoint a contractor and delivery of the new build scheme.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

As detailed within the body of the report, the site was purchased for £1.2m. Including this historic cost, the total cost of the proposed scheme is £15.5m, which would deliver an additional 52 units of accommodation. The site was purchased using Right to Buy receipts, and there are sufficient receipts remaining to finance the proposed scheme. Based on the estimated total scheme costs, there is sufficient budget within the Affordable Housing Programme in the current HRA capital programme to pay for this scheme.

Because public subsidy is being used to part-fund the purchase of the former John Calvert Court site, Stamp Duty Land Tax will not apply.

The appropriation of the land from the General Fund to the HRA would take place through an adjustment to the debt held by the 2 accounts. The effect of this would be a transfer of debt to the HRA and the interest cost of this has been reflected in the viability assessment.

The HRA continues to incur the cost of void Council Tax, with a cost of £175k estimated for 2024/25. The swift demolition of the existing building will support in avoiding unnecessary costs of this type moving forward.

Overall, the proposed scheme would make a positive long-term contribution to HRA finances. Should a scheme with fewer units of accommodation be proposed then the financial affordability would require re-evaluation; any significant reduction in the scheme size would be likely to make the scheme financially unviable.

Signed: Stuart McAvoy, Head of Finance

Dated: 22nd November 2024.

5.2 Legal implications

Demolish building/transfer open space to HRA (Red and blue edged land in Appendix A)

With respects to demolishing The Leys, under S9 Housing Act 1985, the Council may provide housing accommodation by converting buildings into houses including altering, repairing, or improving a house so converted and further, by S19 of that Act, the Council is empowered to appropriate any land at its disposal including buildings which may be suitable as houses.

The Council also has power under S122 of the Local Government Act 1972 to appropriate land from one statutory purpose to another where:

- (i) The land is no longer required for the purpose for which it is currently held;
- and
- (ii) The purpose for which the land is to be appropriated is one for which the Council is authorised to acquire by agreement.

Both conversion options seem to meet the requirements in (i) and (ii) above and there is

demonstrable need for affordable housing in the area.

Acquisition of John Calvert Court (Yellow edged land in Appendix A)

The Council has various powers to acquire land edged yellow which is owned by Sanctuary Housing. The power utilised to acquire is determined by the intended use. It would appear that, in this instance, there are two options available, depending on how the acquisition is funded. Should HRA funding be utilised, then the Housing Act 1985 provides a power to acquire for housing purposes whereas the Council could also rely on its general power of acquisition under section 120 of the Local Government Act 1972.

There are references to both HRA and prudential borrowing. The Council has widely construed powers to borrow under the Local Government Act 2003. The 2003 Act provides each local authority with a discretion to borrow and invest provided it is doing so for a purpose within its functions, as part of the prudent management of its financial affairs and within its affordable borrowing limit.

An investment decision made by the Council must have regard to proper accounting practices and relevant CIPFA Guidance including the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and Prudential Property Investment published in November 2019.

In addition, the Council has a fiduciary duty to its tax-payers in relation to proper stewardship of public monies. Whilst reference is made to valuation advice having been sought, a Red Book valuation would be required for the Property.

The acquisition of the land will be subject to the usual due diligence in terms of title investigation, searches, and enquiries. To date, no legal/title investigations of the John Calvert site have been undertaken and there may therefore be covenants restricting certain uses.

Signed: R.Sharma, Qualified Laywer, Property Highways & Planning Team

Dated: 21st November 2024

5.3 Equalities implications

When making decisions, the Council must comply with the public sector equality duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not.

Protected characteristics under the public sector equality duty are age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation.

The report is seeking approval to demolish The Leys building and build new affordable council homes on the Leys site, the adjacent open land and vacant land known as John Calvert Court. If approved this should lead to positive outcomes for households on the council's housing register, who will be from across a range of protected characteristics who

could potentially benefit from having access to new affordable council homes. The new homes will also help the council to meet local housing needs.

An Equality Impact Assessment has been undertaken, and highlights that up to 10% of dwellings will be designed to the National Wheelchair Accessible Standard M4(3)(2)(b) with the remainder built to National Accessible and Adaptable Standard M4(2). Consultation will also take place during the new build design stage, and we need to ensure that this is fair, accessible, and proportionate.

Signed: Sukhi Biring, Equalities Officer

Dated: 13th November 2024

5.4 Climate Emergency implications

Housing is responsible for a third of Leicester's overall carbon emissions. Following the city council's declaration of a Climate Emergency its aim to achieve net zero carbon emissions for the city and council addressing these emissions is vital to meeting our ambition, particularly through the council's own housing where it has the highest level of influence and control, and where new dwellings are constructed.

Opportunities to utilise a best practice approach to reduce the energy use and carbon emissions of properties should therefore be identified and implemented. This should be considered from the earliest stages of this project, in partnership with any consultants selected to develop the project. Potential measures could include improved insulation, the use of low energy lighting and appliances and the installation of low carbon heating and renewable energy systems. As well as reducing carbon emissions, improving the energy efficiency of housing could provide further benefits, such as reducing energy bills and making housing healthier and more comfortable for occupants.

Consideration should also be given to maximizing the amount of demolition waste that is diverted from landfill as part of any works to demolish the existing building onsite.

Any development will nonetheless be required to follow policy CS2 of the Adopted Leicester Core Strategy and relevant building regulations. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects, which could potentially be used to inform development.

Signed: Aidan Davis, Sustainability Officer

Dated: 11th November 2024

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

6. Background information and other papers:

None

7. Summary of appendices:

- 7.1 Appendix A: Location Plans
- 7.2 Appendix B: **Not for Publication** – John Calvert Court Purchase Price
- 7.3 Appendix C: Equality Impact Assessment

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

- 8.1 Yes. The decision report is a public report, but Appendix B is marked “Not for Publication” because it contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended: i.e., “Information relating to the financial or business affairs of any particular person (including the Authority holding that information)”. Appendix B will be published on the decision page of the Council’s website once the purchase has completed.

9. Is this a “key decision”? If so, why?

- 9.1 Yes due to the value of this project.