



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Scrutiny Commission	26 October 2023
Council	28 November 2023

Wards affected: Earl Shilton

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### Peggs Close Earl Shilton

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Report of Director (Community Services)

#### **1. Purpose of report**

- 1.1 To inform members of the proposals for regeneration of the flats at Peggs Close, Earl Shilton, and the progression of the project.

#### **2. Recommendation**

That Council

- 2.1 Support progression of option B to demolish all the existing flats and to carry out further work to draw up a detailed scheme.
- 2.2. Increase the capital budget by £1,181,073 to ensure maximum flexibility in determining the mix of property types/scheme design (this is based on pre-tender estimates of indicative schemes).
- 2.3 Approve the issue of a demolition notice as the first stage of the regeneration groundwork, to progress to demolition of the buildings when they are vacated.
- 2.4 Approve the associated one-off home loss and disturbance payments of £200,000.

#### **3. Background to the report**

- 3.1 The Peggs Close development in Earl Shilton comprises three blocks of 3 storey residential accommodation. Constructed in 1977 the scheme comprises the following mix of properties:

Accommodation type	Block A	Block B	Block C	Total
1 bed rented flats	4	3	6	13
2 bed rented flats	3	6	6	15
2 bed leasehold flat	1			1
Community Hub (1 bed flat)	2			2
Community Hub (2 bed flat)	2			2
Total	12	9	12	33

- 3.2 Throughout the history of Peggs Close there have been issues with anti-social behaviour in the neighbourhood. Previous work carried out at the flats has failed to resolve these issues and community safety remains an ongoing challenge.
- 3.3 In addition, although the buildings are safe, there is a requirement to carry out essential work at all the blocks of flats which has financial implications. In 2019 this was costed at £500,000, and would require all residents to be decanted, with an additional cost for the Council to assist residents with the move.
- 3.4 The flats are a mixture of 1 and 2 bedroomed flats, and whilst there is a need for 1 bedroomed flats across the whole of the Borough, 2 bedrooms are unpopular and hard to let as families prefer houses and childless couples / single people would be subject to housing benefit restrictions.
- 3.5 Due to the requirement to carry out essential work on the buildings, and the historic underperformance in terms of housing management and void costs, Ark Consultancy carried out an all options appraisal on the blocks.
- 3.6 The original options were assessed, and 2 options were considered the best fit for reasons of cost and to meet strategic objectives for the council's housing stock. These 2 options were therefore put out for consultation to residents of the 3 blocks of flats.
- 3.7 These options are:  
Option A: Partial redevelopment and retention  
This option would demolish 2 of the blocks of flats and leave 1 block standing.  
  
Option B: Complete redevelopment - This option demolishes all 3 blocks and a new development in its place.
- 3.8 Currently 19 of the flats are occupied, 4 flats form the community house and 1 flat has been sold. The property which is privately owned is currently let to a tenant. There are 9 voids. Letters were hand delivered to all occupants of the flats, setting out the 2 options and inviting them to a drop-in session to discuss the options. Two drop-in sessions were held in the on-site community house. Residents were invited to submit their response to the consultation either online or by letter during the month of February 2023.
- 3.9 Due to local elections taking place, consultation was paused until the end of the election period. Officers made one to one visits in June 2023 to engage with

residents who had not responded to the questionnaire and to discuss options individually with those who had requested a private meeting.  
Consultation results

3.10 Thirteen consultation responses were returned. The majority of these responses support the regeneration of the site and option B, to demolish all of the flats, was the narrowly supported preferred approach.

### 3.7 Next steps

Having completed the consultation period with residents, formal approval is required from Council to proceed with the demolition of the 3 blocks of flats. This is now the preferred option as:

- The design of the current flats leaves areas of poor visibility which CCTV cameras cannot alleviate and are a focus for anti-social activities. Demolition of all the blocks gives an opportunity to design out crime and anti-social behaviour “hot spots”
- A difference mix of property types would give defensible space on the site and assist community safety by removing the majority of the public space which is a focus for anti-social behaviour.
- Residents support regeneration of the site, including the demolition of all 3 blocks of flats.
- The community house, which is based in the proposed retained block and was expected to need to remain in the locality, has no objections to moving out as their working practices have changed and they will still be able to deliver their programmes in the local area.
- Retaining one block would still mean that residents of that block would have to move out whilst the essential work is completed.
- The retention of the block would stand out from the new development and would not remove the negative first impressions of the site.

If approval is given to proceed to demolition and rebuild the next steps include:

- A demolition notice will be issued to advise residents of the possibility of the flats being demolished.
- Residents will have a designated officer to start the rehousing process, helping to get them registered to join the waiting list, and to make an informed choice about where they would like to live.
- A valuation of the privately owned property will be carried out to commence the repurchase process, and assistance given to the private rented tenant to find suitable alternative accommodation. The owner needs to be paid the open market value of the property based on a valuation where the owner is not better or worse off than before the regeneration proposal.
- A suitably qualified professional will be procured to support the council in the design of a new scheme and the collation of all the information required to submit a planning application for the new homes. This design will consider the property type/mix to ensure the optimum mix of properties.
- Once the detailed plans are agreed, submission for planning permission.

- Obtain up to date costings for the preferred redevelopment option, both for capital costs and revenue funding required for the project.
- Apply for planning permission to carry out demolition of the flats.
- Commence procurement for a demolition contractor and for the appointment of a contractor to carry out the redevelopment project.

3.8 An information pack is being prepared for tenants to let them know what help and advice we will give with their move. This is split between mandatory and discretionary assistance.

**Mandatory assistance** consists of:

#### Home Loss Payment

For council tenants on a secure tenancy, compensation is given for the loss of the resident's home. From October 2023 the payment is £8,100 for tenants and is revised annually by government.

For the private owner, as they are not resident in the property, they qualify for 7.5% of the property value as basic loss payment. They are also entitled to help with their legal fees related to selling the property back to the Council.

#### Disturbance Payment

This is payable to assist with the expenses relating to moving house, and covers a wide range of items including refitting, adapting or replacing carpets and curtains, redirection of mail and costs of implementing a change of address for official documentation. A decoration allowance could also be paid for the new property if appropriate.

Mandatory payments are made to people with tenancies which began over a year ago and leaseholders, licensees and lodgers do not qualify for assistance. Eligibility for mandatory payments starts when Council have formally signed off the agreement to the regeneration scheme as set out in this paper.

3.9 **Discretionary assistance:**

For council secure tenants:

Removals – the cost of removals is covered by the disturbance allowance, but in practice, local authorities normally contract with a removals firm to carry out removals for the resident and arrange for the repairs team to carry out disconnection and reconnection of white goods. Where necessary, this includes packing and unpacking by the removals firm if a resident cannot do this.

3.10 **Tenants wishing to move before regeneration is approved**

The legal requirement to pay home loss and disturbance allowances only comes into effect once the decision to proceed with regeneration is formally approved. However there may be tenants in the meantime who are on the

housing register and therefore may be able to move before the approval is given. In those instances, approval is sought to offer council tenants help and support in line with the council's decant policy, which offers compensation for out-of-pocket expenses related to the move.

#### 4. Exemptions in accordance with the Access to Information procedure rules

4.1 As residents are aware of the possibility that the flats will be demolished, this report is not exempt to the access to information rules.

#### 5. Financial implications [IB]

5.1 Figures in the financial implications are based on Arks Capital costs and post build rents. These figures are 2 years old and have therefore been uplifted for inflation on the build costs (around 16%) and rents have been uplifted based on rent increases over the last 2 years.

5.2 Based on the capital cost and post build rents, option A would be less costly option than Option B. However, B is considered the best strategic fit. The table below summarises the capital costs for the options.

Financing	Option A	Option B
	£	£
<b>Capital Receipts</b>	175,367	175,367
<b>Regen Reserve</b>	1,370,000	1,370,000
<b>Borrowing *</b>	1,936,647	2,637,442
<b>Estimated Cost</b>	<b>3,482,014</b>	<b>4,182,809</b>
<b>* Annual HRA revenue cost (interest)</b>	71,655	97,585

5.3 The current capital programme includes the option A budget of £3,001,736 based on the Arks proposal (2021). These are summarised below: -

	Option A	Option B
	£	£
<b>Estimated Cost</b>	<b>3,001,736</b>	<b>3,605,870</b>

Option A will therefore increase capital costs by £480,278 and option B by £576,939. The overall increase if option B is chosen is £1,181,073. This will require council approval.

#### Revenue Implications

5.4 After allowing for estimated voids, the current rental income estimate is £94,040. Based on Arks rent appraisal (lower of market rent at 80% and LHA)

rental figures are summarised below. Option A will result in an additional rent of 59,860, Option B in £40,503

Existing At fully let rate	Option A	Option B
£	£	£
<b>94,040</b>	153,900	134,543
<b>Additional</b>	<b>62,792</b>	<b>43,065</b>

- 5.5 After allowing for interest costs there is a net loss which will mean a reduction in HRA reserves in future years. The net impact on the HRA is estimated to be:

	Option A	Option B
<b>additional rent</b>	(62,792)	(43,065)
<b>interest cost</b>	71,656	97,585
<b>net loss</b>	<b>8,864</b>	<b>54,520</b>

- 5.6 Once the demolition notice is served and existing tenants are moved, home loss payment will be due at an estimated cost £8,100 per tenant. Currently, this is estimated at £129,600. With additional disturbance costs the total cost is estimated to be £205,000.
- 5.7 Should these estimates be lower than the final tender costs an increase in the budget will need to be approved as required in the financial procedure rules.

## 6. Legal implications [MR]

- 6.1 Section 105 Housing Act 1985 (The 1985 Act) places an obligation on the council to consult tenants where proposals such as those described are put forward.
- 6.2 The Council clearly seeks to move secure tenants by agreement and voluntarily where possible.
- 6.3 Where agreement cannot be reached the 1985 Act sets out some of the powers and duties of local authorities when seeking possession of properties occupied by secure tenants due to redevelopment. Grounds 10 and 10A of Schedule 2 of the 1985 Act are most frequently used when seeking to obtain possession of a dwelling for decanting purposes.
- 6.4 Notices of seeking possession under the 1985 Act will be served on all tenants. Such a notice does not require tenants to leave the house immediately and is a safeguard to protect the council's interests where negotiations on rehousing fail, and, if agreement is not reached, the council may seek a possession order.

6.4 Payment of a discretionary payment to the equivalent of a mandatory payment to secure an earlier vacation of a property would seem to be lawful by virtue of section 1 Localism Act 2011 and section 111 Local Government Act 1972

## 7. Corporate Plan implications

7.1 The delivery of new council housing supports the following aims of the Corporate Plan 2017 – 2021:

- Places: 4) Improve the quality of existing homes and enable the delivery of affordable housing

## 8. Consultation

8.1 Contained in the body of the report.

## 9. Risk implications

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

### Management of significant (Net Red) risks

Risk description	Mitigating actions	Owner
Cost does not permit redevelopment of the site	Contingency budget to carry out essential work to existing properties.  Identification of all possible sources of funding / grant to assist in site viability	Head of Housing  Strategic Housing and Enabling Officer
Unable to source development partner	Liaison with Homes England to identify partner(s) Use of relevant development frameworks	Strategic Housing and Enabling Officer
Preferred option not developed on time or in budget	Careful use of project managers to scope and manage the project	Strategic Housing and Enabling Officer

## **10. Knowing your community – equality and rural implications**

- 10.1 The provision of new affordable housing assists low-income households who cannot meet their housing needs through the open market. Redevelopment of the site will allow the affordable housing on offer to better meet the current identified need for affordable housing by replacing hard to let flats with family housing.

## **11. Climate implications**

- 11.1 Regeneration of this site will allow the new properties to meet high standards of energy efficiency and future proof the development to modern standards.

## **12. Corporate implications**

- 12.1 By submitting this report, the report author has taken the following into account:
- Community safety implications – regeneration will allow a design which has regard to building safer communities.
  - Environmental implications – regeneration will take into account a design sensitive to environmental aims and ambitions.
  - ICT implications
  - Asset Management implications – the preferred option brings into use a piece of council owned unused land and provide a revenue stream through rental income.
  - Human Resources implications
  - Planning Implications – Planning permission will be required to develop the site.
  - Voluntary Sector – none identified.

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Background papers: None

Contact officer: Valerie Bunting x 5612

Executive member: Councillor M Mullaney