

 Executive – 12th February 2014		Agenda Item No.
Title	Housing with care opportunity at St Michael's Chapel and Master's House, Saltisford (Leper Hospital)	
For further information about this report please contact	Andrew Jones Deputy Chief Executive Andrew.jones@warwickdc.gov.uk Tel : 01926 456830	
Wards of the District directly affected	Warwick West	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	Yes: Contains commercially sensitive information	
Date and meeting when issue was last considered and relevant minute number	Executive April 2012 – WHIPS Draft Town Centre Plan	
Background Papers		

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes Ref- 582
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
	Date	Name
Chief Executive/Deputy Chief Executive		Andrew Jones
CMT		Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Portfolio Holder(s)		Stephen Cross
Consultation & Community Engagement		
Via the Draft Warwick Town Centre Plan		

Final Decision?	No
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1. **SUMMARY**

- 1.1. This report brings forward proposals to progress the restoration of St Michael's Chapel and Master's House, Saltisford (hereafter referred to as the Leper Hospital), bringing these listed buildings and the surrounding site back into use.

2. **RECOMMENDATIONS**

- 2.1 That Executive notes progress made against the Council agreed objective of restoring the Leper Hospital and bringing its buildings and associated land back into use.
- 2.2 That Executive agrees that officers continue with their work to achieve the aforementioned objective recognising that should a development scheme come forward it is probable that a significant financial contribution would be required from this Council.
- 2.3 That subject to agreeing recommendation 2.2, Executive approves a maximum allocation of £15,000 from the Contingency Budget to enable the commissioning of a full specification and costings to accurately determine the scale and cost of the repairs to the Leper Hospital.
- 2.4 That subject to agreeing recommendations 2.2 and 2.3, Executive agrees that officers submit funding bids to relevant bodies including, but not limited to, English Heritage, Architectural Heritage Fund and Heritage Lottery Fund.
- 2.5 That Executive agrees that officers determine the cost of the flood alleviation works that would be necessary to bring a development scheme forward and note that such works would have wider benefits for residents and businesses.
- 2.6 That Executive notes that the owner of the site has offered to sell the front portion of the land (see Appendix A) to the Council for £50,000 and agrees that officers enter into discussions with Warwick Town Council and charitable heritage bodies to determine whether such a purchase could be viable if the appropriate grant funding was received as per recommendation 2.4.

3. **REASONS FOR THE RECOMMENDATIONS**

- 3.1 It is the Council's objective to see the Leper Hospital and its associated land brought back into use. This goal is informed by feedback from the Warwick community, keen to see the buildings restored. The Council's commitment to see the buildings and land brought back into use has been documented in the Draft Warwick Town Centre Plan, where the Leper Hospital is highlighted as a preferred site for development.
- 3.2. Whilst significant progress has been made over the past 18 months (see also Section 7), this project will require further officer input if the Council is to succeed in bringing the Leper Hospital and the accompanying site back into use.
 - 3.2.1 The work undertaken to date includes:
 - Completion of an outline business case and feasibility study (see Appendix B) using EC Harris as consultants, concluding the optimum use of the site would be for specialist housing (possible for people with dementia) converting the listed buildings as communal/ office facilities;

- Working with the Strategic Commissioning (Care and Choice Accommodation) team at Warwickshire County Council, to host a well-attended soft market testing session in May 2013;
- Exploratory discussions with developers and housing providers to consider options for development schemes;
- Engagement of this Council's Development Services team and Conservation Architect to understand the constraints and opportunities presented by the site and existing buildings in relation to the planning framework and conservation considerations;
- Submission of an application to English Heritage (EH) for a development grant to provide funding to produce a full specification and costings to ascertain the repair works required to the Master's House;
- On-going dialogue with the land owner;
- Discussion with procurement teams (WCC and WDC) to understand the procurement options for tendering the development opportunity.

3.2.2 Having undertaken the above work, officers will need to focus on the next steps as outlined in this report's recommendations (2.3 – 2.6) in order to achieve the Council's objective for the Leper Hospital site. If this work is successful it would then be necessary to engage in further discussion with interested developers / housing providers, following an appropriate procurement process in order to determine the developer and other partners to take forward the scheme. In this eventuality, a further report would be brought to Executive to gain appropriate approval to secure funds and progress the project.

3.2.3 Recommendation 2.2 states that Executive notes it is probable that a significant financial contribution will be required from this Council for this project.

3.2.4 Officers recognise that costs of developing this site will be considerable. This is due to a number of factors, including:

- The requirement to undertake flood alleviation works. A specification and costings are required to develop accurate costs for this work (see 2.5). Current estimates suggest that this work could cost in the regions of £50,000;
- The scale of the repair works required to the listed buildings and associated enabling work. The EC Harris report included a Rough Order of Magnitude Costings for these works which indicated that these works could amount to £1,000,000. If Members wish to progress this project further, detailed work is required to ascertain more accurate costings;
- The additional development costs associated with converting the Grade II* listed buildings located on a site containing an Ancient Scheduled Monument. Estimates assume an uplift of £500/m² for construction costs for Grade II listed buildings;
- The cost of purchasing the land (the site is privately owned).

3.2.5 Whilst conversations with EH strongly indicate that the scheme is eligible for English Heritage funding, this funding would not cover all of the repair work (see 7.5 below). Furthermore, there is currently a moratorium on EH funding until at least 2015/16.

- 3.2.6 Further work with developers is required to understand the feasibility of a scheme. However, notwithstanding this, it is highly probable that the Council will need to provide funds to bridge the gap between the development costs and future value of a completed scheme, if it is to successfully facilitate the development of this site.
- 3.2.7 It is impossible to be definitive about how much contribution the Council would have to make as the aim of a scheme would be to make it viable based on the developer investment and grant funding from a body such as EH. However, based on some work done by Arden Estate Partnerships a grant of c£750k from EH would leave this Council having to contribute anywhere between £250k-£500k.
- 3.3 Recommendation 2.3 states that Executive agrees to an allocation of up to £15,000 from the Contingency Budget to fund the commissioning of a full specification and costing to determine the scale and costs of repairs to the Masters House and St Michael's Chapel. This information is considered essential to progress the project.
- 3.3.1 The information is required to understand with greater accuracy the costs of any development. The feedback from developers attending the soft-market testing event shows that developers wish to see this information before committing further time to work up options for the scheme. The repairs specification and associated costs will also be required as part of future funding applications to English Heritage and other funding bodies for funds to undertake the repair work. It would be desirable to obtain this information as soon possible to ensure that the project's momentum is not lost and specifically in order that officers can explore the viability of purchasing the front part of the site as outlined in recommendation 2.6.
- 3.3.2 It is estimated that it will cost in the region of £15,000 to commission the specification work. This estimate is based on information provided by EH. It should be noted that an application to EH for funds to commission the specification has already been submitted by the Council in December 2013. However, the Council has since been notified by English Heritage that they are unlikely to have any funds available until 2015/16 for new projects. Notwithstanding this, it may well be that the Council is reimbursed the costs at a later date.
- 3.4 In light of the position with EH as outlined above. It is recommended (recommendation 2.4) that officers submit funding applications to the Architectural Heritage Fund and the Heritage Lottery fund for funds to carry out the repairs to the Leper Hospital. Further work will also be undertaken, working with the Council's Conservation Architect, to identify additional potential funders to approach.
- 3.4.1 As part of this work to explore funding sources, consideration will also be given to investigating the potential benefits of facilitating the creation of a Conservation Trust to use as a vehicle to attract funding and manage the repair works. This model was previously successfully used by the Council to enable the restoration of 4-6 Clemens Street in Leamington.
- 3.5 Recommendation 2.5 requests that Executive agrees that officers determine the cost of flood alleviation work needed for the area. The Council has recently been informed by the Environment Agency that the Leper Hospital Site has been placed within Flood Zone 3. Residential development is not generally permitted within Flood Zone 3 meaning that off-site flood alleviation works are required to remove the site from Flood Zone 3 into Flood Zone 2 or ideally Flood Zone 1. Alleviation work would also benefit the wider area, including residents and businesses and would also help enable future schemes in the area.

- 3.5.1 A full specification and costings are required for the Flood Alleviation Works in order to understand the likely costs of these works. Current estimates suggest that the Works could be in the region of £50,000.
- 3.6 Recommendation 2.6 requests that Executive notes the offer by the current owner to sell the front portion of the land to the Council for £50,000 and requests that the Executive agrees to officers entering into discussion with Warwick Town Council and other charitable heritage bodies to assess the viability of this proposal.
- 3.6.1 Over the past 18 months officers have been maintaining an on-going dialogue with the current owner and his property agent as it recognised that the property owner is a key stake holder in this project. At the latest meeting with the owner in December, Council Officers again informed the owner about the gap between the owner's asking price (c£500k) for the site and the valuation obtained from the District Valuer (£25k) and requested that the owner review this price. The meeting resulted in an offer to the Council to purchase the front part of the site for £50,000. It is recommended that officers explore this opportunity with the Town Council and charitable heritage bodies to evaluate whether this option of developing only the front part of the site could be viable. It is also noted that these discussions would need to ensure that any future uses of the listed buildings would also need to deliver benefits (cultural and educational) to the community.

4. POLICY FRAMEWORK

- 4.1 By supporting the restoration of the Leper Hospital and exploring the wider development of the site this project is directly aligned with the Council's mission of making the District a great place to live, work and visit.
- 4.2 The proposed solution of using the site for specialist extra care housing would deliver community benefits by helping to meeting the growing housing needs of an older population. This solution is also aligned with the County Council's wider strategic agenda.
- 4.3 In addition, restoring the listed buildings would also contribute to the heritage of the District.

5. BUDGETARY FRAMEWORK

- 5.1 The funding of the specification and costings report up to £15,000 will be met from the Contingency Budget. Subject to the agreement of the recommendations within the Budget report, there is £200,000 Contingency Budget for 2014/15 which can accommodate this funding. Should any of this work be carried in 2013/14, funding will be adjusted as part of the Final Accounts process and report in June.

6. ALTERNATIVE OPTION(S) CONSIDERED

The alternative options and accompanying consideration for the Leper Hospital and site are described below:

- 6.1 Alternative Option One: The Council does nothing, allowing the market to bring forward a solution when an interested developer emerges. This option would not require Council input (officer time or financial resource) meaning that Council resources could be deployed for other projects. However, this option also carries the risk that it could take many years before a developer is identified during which time the condition of buildings could substantially deteriorate. Furthermore, the Council would have limited control over the future use of the buildings and site and the Council's objectives of seeing the site deliver wider community and heritage

benefits may not be realised. For these reasons option one has been discounted.

- 6.2 Alternative Option Two: The Council uses its conservation powers to issue a full repairs notice on the current owner instructing him to undertake the repair work to the Masters House. Whilst, it is recognised that this would not achieve the aim of bringing the buildings back into use or the wider development of the site, it would as a minimum protect the Masters House from further deterioration. (It would not be appropriate to instruct the owner to undertake repair work to the Chapel as he has already undertaken this repair work. Issuing a repairs notice on the owner would jeopardise the Council's relationship with the owner.) Furthermore it is likely to involve a lengthy and costly process. Given the recent offer and the likely need to maintain on-going open dialogue with the owner, option two has also been discounted for the time being.

7. **BACKGROUND**

- 7.1 The Leper Hospital site contains the remains of St Michael's Church and a 15th Century two-story timber framed building known as a Master's House. The buildings are Grade II* buildings and are situated adjacent to a Scheduled Ancient Monument. The site is one of only three known examples of leper hospitals in the Country.
- 7.1.1 An archaeological evaluation was undertaken in 2004. A planning consent for the development of the site was approved in 2007 and a Schedule Monument Consent was granted in 2009.
- 7.1.2 Despite these planning consents and the owner having undertaken remedial repair works to the Chapel the site remains undeveloped, with the Master's House under a tarpaulin to protect it from the elements. The buildings therefore remain on the English Heritage "At Risk Register".
- 7.2 In 2012 the Council commissioned EC Harris to carry out an outline feasibility study. The objective of the feasibility study was to develop a sustainable solution for the site around three parameters; community benefit, conservation and heritage, and financial optimisation. The feasibility work involved discussion with a range of key stakeholders to capture relevant information and views on possible development opportunities. Having considered all the options for the site, the study concluded that the optimum solution was for the Council to work with a developer/provider to deliver new build residential units for use by a specialist provider of care, e.g. for people with dementia, acquired brain injury or needing mental health support. The existing listed buildings were to be incorporated as communal / office space to be used as part of the housing scheme.
- 7.3 At this time the Order of Saint Lazarus were hopeful that they could identify funding to enable the Order to acquire the buildings. Unfortunately, St Lazarus has not been able to secure the necessary funding and subsequently is no longer involved in discussions.
- 7.4. In May 2013, the Council together with County Council (Strategic Commissioning - Care and Choice Accommodation), jointly hosted a soft market testing session for interested developers and housing providers to learn more about the Leper Hospital opportunity. The session was well attended with some 15 organisations in attendance. Whilst the session produced a reasonable degree of interest in the opportunity, feedback also highlighted developers' requirements for further clarity on, inter alia, the repairs costs to the listed buildings.

- 7.5 As stated above, EH funding, were it to be available, would not cover all the repairs costs. The funding would cover the conservation deficit (i.e. the difference between the repair and site's costs and the market value of the property following the repair works).
- 7.6 As part of on-going informal discussions with potential developers about the Leper Hospital, the District and County Council recently met with Arden Estate Partnerships, a local public private partnership company with expertise in delivering Health Care developments. Arden Estate Partnerships presented a high level outline concept for developing a Dementia Respite Hotel on the site. It is recognised that in order to progress this concept and other potential schemes more detailed feasibility work is required. However, this meeting demonstrates not only the existence of interest from developers in the Leper Hospital opportunity but also the potential alternative uses for the site.