

Report of: The Chief Officers Property and Contracts & Parks and Countryside

Report to: The Directors Resources and Housing & Communities and Environment

Date: 26 Sept 2018

Subject: East Lodge, Temple Newsam Estate, Leeds 15.

Are specific electoral wards affected? If yes, name(s) of ward(s): Temple Newsam	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

1.0 Summary of main issues

- 1.1 A Council house located at East Lodge, Temple Newsam Estate has now become vacant.
- 1.2 As this property is not part of a larger housing estate a full option appraisal has been undertaken to look at all future options for this property taking into account the financial implications of any such recommendations.
- 1.3 The property has always been managed as a social housing tenancy as part of the HRA portfolio with the most recent tenant occupying the property from September 1966 until July 2017.

2.0 Recommendations

The Director of Resources and Housing and Communities and Environment are recommended to approve option 3 as outlined below:

1. The property is marketed for sale on the open market with the proceeds going to support the overall Capital programme within the Council.
2. A covenant is attached to any sale in order to ensure that appropriate access is available for all future events that take place within the wider Temple Newsam Estate.
3. Suspend the letting of East Lodge, Temple Newsam take out of charge and instruct City Development to arrange a sale on the open market.

3.0 Background information

- 3.1 The property at East Lodge, Temple Newsam has always been vested with Housing as a social housing property with the last tenants being in occupation for the last 51 years.
- 3.2 Whilst the property has been improved to meet the 'Decency Standard' it has not had any significant major capital investment over recent years.
- 3.3 The property is Grade II listed and is likely to cost approx. £50k to bring it back to a lettable standard
- 3.4 From a Parks and Countryside perspective they have substantially increased the number of commercial events that now takes place within the Temple Newsam estate with this due to increase further in the future
- 3.5 Concern has been expressed that such events require road closures which will affect any resident living in the property at East Lodge as well as them being subjected to an element of noise nuisance during any such events.

4.0 Main issues

- 4.1 The property which is vested in housing has always been allocated as a social housing tenancy with the rental income going to support the overall Housing Revenue Account (HRA).
- 4.2 The most recent tenant has lived in the property for the last 51 years with the property now being vacant.
- 4.3 Given the level of investment that has been identified as required to bring the property up to the Lettable Standard (estimated at approx. £50k) a formal option appraisal has been undertaken to explore all options that are available for future use of this property.
- 4.4 As part of the option appraisal, three main options are viable and are contained in the recommendations of this report for further consideration by the Directors of Resources and Housing and the Director of Communities and Environment.

Option 3 is the preferred option of Housing Leeds while option 2 is the preferred option of Parks.

Option 1

Invest HRA resources (approx. £50k) to bring the property to a lettable standard and to allocate the property to an applicant on the housing waiting list.

- The property at East Lodge has always been a social housing property and is one of two gate houses (East Lodge & West Lodge) to the Temple Newsam estate. West Lodge is currently occupied by a Council tenant while East Lodge has become vacant for the first time in over 50years.
- Within this option the void refurbishment costs can be funded through the

HRA as the property would remain as a social housing tenancy.

The rental charge would be reviewed to reflect the local market rents for the area prior to any subsequent re-let.

- At the point that a suitable applicant was identified from the housing register, an accompanied viewing will be undertaken with the prospective tenant and the individual circumstances to this allocation would be fully explained so that any new tenant was fully aware of the impact of living in such a location and the potential impact any park events would have on local residents.
- There is very little risk to this option as similar arrangements have been in place for the last 50 years.

This option retains the status quo

Option 2

Invest resources to bring the property to a lettable standard and transfer the property to Parks and Countryside to use as a 'Service Occupancy' to an employee working in the parks team.

There are several key issues to consider in respect of this option, summarised as follows:

- The lodge is one of two gates lodges situated at the entrance to the historic Lancelot 'capability' Brown designed landscape at Temple Newsam. They are highly visible and play an important role in the heritage of the estate. Following a report to Executive Board in February 2018 approval was given to submit a funding bid of up to £5 million for a restoration project at Temple Newsam including 3 elements on the 'at risk' register. A cultural landscape management plan (CLMP) would need to be developed that takes into consideration all the historic features in the estate including the two gate lodges (east and west). Disposal or re-let as a housing tenant at this stage could put at risk the success of this £5 million bid and needs to be weighed against a potential disposal value.
- An open market disposal would be likely to attract public concern and resistance from stakeholder groups whilst increasing the potential for conflict with the owners (or housing tenant) during the many and increasing events held at the site and also the planned opening of a 'Go Ape' attraction in the near future. During events the lodges are subject to localised noise disturbance, significantly increased visitor numbers and traffic flows through the gate and impacted by formal road closures. The 'Go Ape' attraction is 200m from the East Lodge and will result in additional visitors on a frequent basis with income from the attraction contributing to budget targets. Events also provide an important revenue stream to support income targets (examples include Leeds Let's Rock & Cocoon) and there is a risk that income could be compromised if a new owner or tenant was to be successful in limiting event activity. The risk of a potential income reduction needs to be weighed against the one-off capital receipt benefit that disposal would provide.
- Introducing a service tenancy at this stage would make effective use of the built asset to support service delivery, in particular the ability to provide out of hours and emergency response arrangements as well as passive security benefits. In addition as indicated the potential for noise and traffic complaints from residents associated with the many events held on the estate will be significantly reduced.

This is the preferred option of the Chief Officer, Parks & Countryside.

Option 3

Sell the property on the open market and ring fence the proceeds into the overall Council Capital Programme

In order to explore this option in more detail City Development have provided a valuation for the property at East Lodge which reflects any sale being completed with the relevant covenant being in place to allow appropriate access for all future events in the park.

This option would save the initial investment of £50k from the HRA and would generate a capital receipt for the Council to allocate through the Capital programme and could be used to support the Council Housing Growth fund.

Given the location of the property, any prospective purchaser would be fully aware of the impact of any events within the park which should also be brought to their attention through any conveyancing due diligence as part of the purchase process.

In order to mitigate any risks with this option the Council would include a covenant in the sale to allow reasonable access to the park for events and also to protect the Council from any claims of nuisance.

This is the preferred option of the Chief Officer, Property and Contracts, Housing Leeds

5.0 Corporate considerations

5.1 Consultation and engagement

As part of the formal option appraisal, consultation with all Council departments has been undertaken and their respective views have been taken into account and reflected in the details of the report, and to support option 3.

The content of the report has been discussed with the Executive Member for Housing, Cllr Coupar, who supports option 3.

6.0 Resources and value for money

6.1 There are a range of financial considerations to be considered which are different for each of the three options identified within the report and are identified below:

6.2 Option 1.

The HRA funds the void improvement costs of approx. £50k.

The rental charge for the property is reviewed to reflect the investment and the rental income is then ring fenced to the HRA.

This option would retain the status quo and any works would be funded through the HRA. The subsequent rental income would also be retained within the HRA.

6.3 **Option 2**

There is currently no income stream identified to fund the property investment within this option as the property would not be retained within the HRA.

If a financial business case was developed to fund this work as part of the global Council Capital programme there wouldn't be any income stream to fund this scheme as the rent will be waived in lieu of overtime costs payable to the Parks employee who would be allocated the property as a Service Occupancy.

Further consideration will need to be given as to which budget would be used to fund any ongoing revenue repairs moving forward as the property would be transferred out of the HRA.

If the property was to be maintained within the corporate asset management portfolio then a budget would need to be identified to fund any ongoing maintenance liability.

6.4 **Option 3**

The current value of the property, has been provided by City Development and any funds received through a sale would be made available to the Council to fund future capital investment schemes.

7.0 **Legal implications, access to information, and call-in**

7.1 The revised arrangements would constitute changed legal agreements relating to staff employment (service tenancies). The successful candidate would be issued with a revised contract of employment and service occupancy agreement detailing the requirement to reside at a specific location for the better performance of duties. The allocated duties and required hours will be advised to the resident annually.

7.2 The total required hours per annum will be calculated using the job evaluated rate for the work (not the normal rate of pay of the occupant), take account of enhancements and seek to recover the value of the rent that would have been achieved had the property been let as social housing. This will be reviewed as required by changes in rental values or rates of pay and advised in writing to tenants. The duties selected will seek wherever possible to reduce the overtime and out of hours enhancement commitments of the Parks and Countryside service and will seek to address issues arising from controlling events and activities as well as improving the appearance to site users.

7.3 In Jan '14 a previous DDR agreed to transfer a number of service occupancy tenancies that existing within Parks and Countryside across to Housing as Secure Tenancies. There is an on-going legal case involved in one of these transfers. There is a risk that if a 'Service Occupancy' was created in this instance this could be used to challenge the earlier decision to transfer tenancies from Service Occupancy to Secure Tenancies.

8.0 Conclusions

The property at East Lodge, Temple Newsam is a social housing tenancy that has recently become vacant.

As part of the initial review that was undertaken by Housing it was felt that the most appropriate, and cost effective, solution would be to sell the property on the open market and ring-fence the proceeds for the Capital programme.

An option appraisal has been undertaken which has identified three options which are contained within the report.

9.0 Recommendations

The Director of Resources and Housing and Communities and Environment are recommended to approve option 3 as outlined below:

1. The property is marketed for sale on the open market with the proceeds going to support the overall Capital programme within the Council.
2. A covenant is attached to any sale in order to ensure that appropriate access is available for all future events that take place within the wider Temple Newsam Estate.
3. Suspend the letting of East Lodge, Temple Newsam take out of charge and instruct City Development to arrange a sale on the open market.

10.0 Background documents¹

None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.