 Executive Report 5th April 2018		Agenda Item No. 8
Title	Regeneration of the Leper Hospital Site, Saltisford, Birmingham Road, Warwick (St Michael's Chapel and Master's House)	
For further information about this report please contact	Andrew Jones, Deputy Chief Executive Andrew.jones@warwickdc.gov.uk	
Wards of the District directly affected	Saltisford	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive 12 th February 2014 minute 153.	
Background Papers	Executive 18th, April 2012	

Contrary to the policy framework:		No
Contrary to the budgetary framework:		No
Key Decision?		Yes
Included within the Forward Plan? (If yes include reference number)		Yes 925
Equality & Sustainability Impact Assessment Undertaken		No
N/A		
Officer/ Councillor Approval	Date	Name
Deputy Chief Executive	27 th February 2018	Andrew Jones
Head of Service	9 th March 2018	Lisa Barker
CMT	13 th March 2018	Chris Elliott Bill Hunt Andrew Jones
Section 151 Officer	13 th March 2018	Mike Snow
Monitoring Officer	13 th March 2018	Andrew Jones (author)
Portfolio Holder(s)	19 th March 2018	Councillors Phillips, Rhead and Butler
Consultation & Community Engagement		
N/A		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below).		

1. **SUMMARY**

- 1.1 This report recommends that Executive supports the conclusions of a viability appraisal undertaken in respect of the Leper Hospital, Saltisford, Warwick and agrees to commit Section 106 affordable housing funding to help deliver a supported housing scheme.

2. **RECOMMENDATIONS**

- 2.1 Executive notes the historical context of the site known locally as the Leper Hospital and officially as St Michael's Chapel and Master's House, and its recent history.
- 2.2 Executive notes the work undertaken by this Council to find a sustainable solution for regeneration of the site.
- 2.3 Executive notes the outcome of the viability appraisal commissioned by West Midlands Historic Buildings Trust (WMHBT); the partners who have worked collectively on the appraisal; and supports the conclusion of the appraisal to develop a supported housing scheme delivered by St Basil's.
- 2.4 Subject to agreeing recommendation 2.3, Executive agrees to make available up to £530,000 from affordable housing commuted sums received by this Council in respect of housing developments in Warwick thereby helping to deliver a supported housing scheme and provide opportunities for learning about an important historic asset, but before releasing the funding delegates authority to the Council's Monitoring Officer and Head of Finance to confirm the scheme's viability and if confirmed the schedule for release of funds.

3. **REASONS FOR RECOMMENDATIONS**

3.1 Recommendation 2.1

- 3.1.1 The Leper Hospital site contains the remains of St Michael's Church (108 & 108 Saltisford (Listed building entry 1035366)) and a 15th Century two-story timber framed building known as a Master's House (4, 5 and 6 St Michael's Court, Saltisford, Warwick (Listed building entry 1364850)). The buildings are Grade II* listed and are situated on a Scheduled Monument (List entry 1011035). The site is also a Designated Heritage Asset (no. 17004). It is one of only three known examples of leper hospitals in the county. An archaeological evaluation was undertaken in 2004 which among other things revealed stone wall foundations, a pebble yard surface, postholes and pits in the area between the chapel and the Master's House. Members can view the archaeological evaluation via this link [here](#).
- 3.1.2 In February 2007 planning permission in respect of application W04/2128 was granted for conversion of the former chapel and Master's House to offices along with construction of an office building to the rear of the site and associated car parking to all buildings. Scheduled Monument Consent was granted in 2009. 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 Heritage at Risk Register with the Master's House condition described as being "very bad"; the most serious of categories.

- 3.1.3 As recently as 2001 the land formed part of a larger parcel of land owned by Warwick District Council (WDC). The Council had produced a development brief which resulted in regeneration of the area with all the land redeveloped except for the Leper Hospital. This land was purchased by a private company and the ownership remains with the company as at today's date.
- 3.1.4 This Council has sought a solution for the site over many years. The site contains designated heritage assets of the highest significance yet its current state can reasonably be described as an embarrassment to the town and it has caused great concern to local Councillors and residents.
- 3.1.5 In 2012, this Council's Executive approved a Warwick Heritage Improvement Programme of projects and feasibility studies to see redundant buildings in Warwick brought back in to use. This programme has been successful with the *old Gasworks* and *Printworks* being redeveloped for affordable housing. The outstanding project is the Leper Hospital site.

3.2 Recommendation 2.2

- 3.2.1 Following the 2012 Executive approval, officers commissioned EC Harris to undertake a feasibility study. The objective of the study was to develop a sustainable solution for the site around three principles: 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. Members can view the outline feasibility study via this link [here](#).
- 3.2.2 In May 2013, this Council, working together with Warwickshire County Council (WCC) Strategic Commissioning - Care and Choice Accommodation team jointly hosted a soft market testing session for interested developers and housing providers so they could learn more about the site's potential. 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. Members can view the supporting information for the session via this link [here](#).
- 3.2.3 Following ongoing informal discussions with potential developers, a further feasibility study was commissioned by WDC and WCC and undertaken by Arden Estate Partnerships LIFT, a public private partnership between Community Health Partnerships (a wholly owned subsidiary of the Department of Health) and gbconsortium2 led (made up of gbpartnerships and Equitix). The partnership's expertise is in developing, designing and providing high quality health and social care buildings.
- 3.2.4 Part of this study required a comprehensive understanding of the repair costs of the Master's House. Therefore an application to Historic England's (HE) Historic Buildings, Monuments and Designated Landscape Fund had been made for this work and a total of £47,000 was made available to this Council to commission

architectural services. The commission was awarded to PCPT Architects Ltd a specialist conservation architect practise.

3.2.5 PCPT's work was of remarkable rigour analysing and understanding the Master's House brick by brick, timber by timber. It has enabled a complete specification of the schedule of works to be produced.

3.2.6 The recommendations of the Arden feasibility study have not been progressed but Members can view the feasibility study via this link [here](#). However, what the work has achieved is a comprehensive understanding of the Master's House costs and the sparking of interest of St Basil's ([Link here](#)) a housing charity which helps young people "who are homeless or at risk of homelessness with advice, prevention, accommodation, engagement and support services enabling them to regain the stability they need to rebuild their lives." It was this interest that led officers to consider that there may well be a solution for the regeneration of the site.

3.3 Recommendation 2.3

3.3.1 Armed with the studies and appraisals, officers approached WDC's housing joint venture partner, Waterloo Housing Group (WHG), to understand whether it had any appetite for developing the site. Whilst WHG does not manage supported housing schemes it does partner St Basil's on various initiatives. WHG therefore made an indicative bid to the Homes and Communities Agency (now Homes England (HEng)) for supported housing grant which was successful. There now appeared to be an end user who was interested in using the site and potentially an important tranche of capital funding might be available.

3.3.2 Officers therefore brought together a multi-stakeholder project team to undertake a viability appraisal based on the St Basil's interest. A key partner brought on board at this point was West Midlands Historic Buildings Trust (WMHBT). This organisation is important in giving funding bodies the appropriate level of reassurance that should the site be developed then the necessary respect and understanding is given. The viability appraisal was funded by this Council, HE and The Architectural Heritage Fund (AHF).

3.3.3 At about the same time another housing provider, Homelife, which specialises in dementia care, approached officers to express an interest in the site. This meant that there were two providers expressing an interest whose core business was aligned with the conclusions of the previous feasibility studies.

3.3.4 Members can view the full viability appraisal via this link [here](#). In summary it concludes that subject to the appropriate capital funding coming forward there is a viable business case for the delivery of a supported housing care scheme. The scheme would be managed by St Basil's and would encompass the whole site (an essential planning requirement). The scheme's client group is young adults with complex needs. These needs are addressed by way of a *psychologically informed environments* programme of support.

3.3.5 The purpose of the appraisal was as follows:

"This Viability Appraisal has been commissioned to investigate the options to secure a future for St Michael's Chapel & Masters House buildings together with the Leper Hospital Scheduled Ancient Monument. This Viability Appraisal has been commissioned as a foundation for decisions and possible grant

applications. This study will ascertain the current condition of the buildings, investigate options for its future use, recommend a preferred option and provide a financial appraisal of the project's viability."

3.3.6 The study was commissioned by WMHBT and led by DTS Solutions who in turn commissioned a full range of professional services: Conservation Architects; Business Planner; Structural Engineer; Quantity Surveyor; Archaeologist; Services Consultant; and Valuation Surveyor. This team's work built on the site investigations that had already taken place namely condition survey and repair details of the Master's House and archaeological evaluation, and the options appraisal and feasibility study described earlier.

3.3.7 The appraisal examined three options:

Option 1: Develop the entire site for social care supported housing by St Basil's.

Option 2: Split the site with HomeLife social care use to the rear and Scheduled Ancient Monument to be residential or commercial use.

Option 3: Option 1 or 2 but with the addition of a new build frontage on the historic footprint of the almshouses.

3.3.8 Each of these options was then examined against the objectives of the appraisal in terms of heritage and the environment; health and wellbeing, and community; and economic benefits. The project board unanimously supported option 3, the Waterloo/St Basil's model with new build frontage. Subject to further discussions with WDC's Planning officers, this scheme would bring forward up to 16 units of residential accommodation. Importantly, the scheme had the in-principle backing of Historic England who was represented on the project board.

3.3.9 The appraisal estimates the capital cost of the scheme at c£1.55m. It is considered that funding of can be realised outside of WDC as follows:

Waterloo Housing Group = c£465k
Homes England = c£150k
Historic England = c£141k
Warwickshire County Council = c£250k
Trusts and Foundations = c£75k
WMHBT = c£70k

Total = c£1.15m

3.3.10 At this point the sums detailed above are indicative and it is clear from project board members that there may be the opportunity to increase the funding for example via HEng's supported housing grants or WCC's extra care housing programme but the aforementioned figures provide Members with a realistic picture of what funding could be realised.

3.3.11 The appraisal currently makes no allowance for the purchase of the land from the landowner. Negotiations are ongoing but all partners recognise that the aggregate of their grant contributions will ultimately need to take account of the negotiated amount.

3.3.12 Assuming that the necessary capital could be raised, the revenue costs of running the housing support scheme would be underwritten by WCC. Where young persons with complex needs currently present themselves to WCC, due to lack of in-County accommodation, it has to commission out-of-area accommodation at very expensive rates. The indicative costs presented by St Basil's for its proposed scheme are considerably less expensive and therefore very attractive to WCC. Officers will work with WCC to ensure that this Council's input into nomination rights is taken into account.

3.3.13 Members' attention is specifically drawn to the funding available from HEng for affordable housing. The indicative grant WHG has bid for comes from the Affordable Housing programme 2016-2021. This programme makes specific reference to supported accommodation whereas the previous programme had no allocation for such housing. It is therefore important to try and secure this opportunity whilst it exists.

3.4 Recommendation 2.4

3.4.1 The appraisal at 3.3 leaves a potential capital funding gap of c£500k. WDC has Section 106 planning obligation income (commuted sums for affordable housing) of £1.25m that is not currently earmarked for any particular scheme (s). More specifically, £528,000 of this amount was generated by developments in Warwick - Chase Meadow; Northgate Street; Lord Leycester Hotel - and so it can be argued that if Members wish to support this scheme, the affordable housing that was not provided in Warwick in respect of the aforementioned developments is now being addressed.

3.4.2 Based on 16 units of accommodation being provided this would be a subsidy per unit of £33,000. It is difficult to determine whether this would be value for money for this Council as historically it has found it difficult to utilise its commuted sums, however, Members will want to consider this contribution in the round and not just the housing related benefits that are being brought by the scheme particularly the potential to promote the heritage aspect of the site. Sensitively positioned interpretation boards and other "history-trail" signposting could be installed. It is also worth noting that the commuted sums are not large enough to bring a scheme forward. However, they do enable gap-funding to be provided so that otherwise unviable schemes can be delivered.

3.4.3 Should Members agree with the recommendations in this report, this Council's Monitoring Officer and Head of Finance will liaise with WCC's Treasurer to ensure they are comfortable with the sustainability of the scheme and if that is the case determine the appropriate schedule for release of the funding.

4. **POLICY FRAMEWORK**

4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. Amongst other things, the FFF Strategy contains Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels
Impacts of Proposal		
Providing supported housing for those with complex needs. Important heritage assets brought back into use.	A Designated Heritage Asset brought into use enabling a dilapidated and untidy site to be regenerated.	Providing new employment in a much needed area of social care provision.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
Not applicable.	Providing supported housing to the most vulnerable in our local communities.	Using its commuted sums to ensure a supported housing scheme is viable.

4.2 Supporting Strategies

- 4.2.1 One of the core planning principles outlined in the National Planning Policy Framework (NPPF) is to: "Conserve heritage assets in a manner appropriate to their significance, so that they can be enjoyed for their contribution to the quality of life of this and future generations;"
- 4.2.2 Paragraph 126 (Section 12) of the NPPF also states that, in recognising that heritage assets are irreplaceable resources, local planning authorities (lpa's) should set out a positive conservation strategy to ensure the continued maintenance and enjoyment of heritage assets, and those at risk from decay,

neglect and other threats. The guidance goes on to say that the lpa should consider “the desirability of sustaining and enhancing the significance of heritage assets and putting them to viable uses consistent with their conservation”.

- 4.2.3 There is obviously a careful balance to be made when planning applications are considered for such sites and buildings. On the one hand, it is always desirable to return a listed building to its original use; for a building on the ‘at risk’ register, it is important to be able to get the building repaired, renovated and back into a viable use to ensure it survives and continues to contribute to the historic environment and to our understanding and appreciation of it. Careful consideration will need to be given to any ‘enabling’ works through the planning application stages. Para 128 of the NPPF states “that in determining applications, lpa’s should require an applicant to describe the significance of any heritage assets affected, including contribution made by their setting” – and to address this point applications for planning permission / listed building consent / scheduled monument consent will be supported by a Heritage Statement: https://www.warwickdc.gov.uk/info/20377/conservation/1125/heritage_statements
- 4.2.4 In considering a suitable and viable use, many options have been looked at over the years. The result so far has meant that nothing has yet been achieved on the site and the buildings continue to deteriorate. These buildings are Grade II*. This classification means that they are particularly important buildings of more than special interest; Only 5.8% of listed buildings nationally are Grade II*. There is now a clear and positive option open to fulfil a long held desire to not only restore the buildings, but also to regenerate the site for a sympathetic use, so achieving one of the NPPF’s core planning principles and benefitting the local community.
- 4.2.5 The Warwick District Local Plan 2011-2029 states at paragraph 5.162, that “where listed buildings are considered to be at risk the Council will seek to pursue their restoration and where appropriate bring them back into viable use”.
- 4.2.6 Policy HE1 seeks to protect the historic environment by ensuring that any development leads to less than substantial harm to the significance of the designated heritage asset, weighing harm against public benefit. In this particular case, the asset is expected to not only be brought back into use, but also to contribute positively to the historic environment for the public benefit and to retain and restore buildings of heritage value.
- 4.2.7 In addition, there is a continued statutory duty upon the authority through the Planning (Listed Buildings and Conservation Areas) Act, 1990 to have special regard to the desirability of preserving any listed building and its setting.

5. BUDGETARY FRAMEWORK

- 5.1 Within the Council’s Housing Investment Programme resources, there is a balance of £1.11m of Section 106 contributions in respect of affordable housing (commuted sums) which it currently has not earmarked to any specific housing scheme. Of the £1.11m, £528k has been generated by developments within the Warwick Town boundaries. Utilising up to £530k of the commuted sums would still leave in excess of £500k for other schemes and this is before taking into account the balances in respect of Any Purpose Capital Receipts; One-for-

One replacement capital receipts; and the HRA Capital Investment Reserve. The loss of interest on utilising the commuted sum is marginal although this should not be a consideration when deciding whether to use this funding.

5.1.1

Site Address	Developer/ Applicant	Commuted sum	Comments	Spent	Balance remaining
SW Warwick Local Centre aka Narrow Hill Meadow	Taylor Wimpey for WDC	£316,820	6 instalments (plus inflation) after every 4 completions but full balance by 31/12/15 £388,928 RECEIVED on 5/8/15	0	£388,928.00
2-22 Northgate Street	Peter Brett Associates	£99,100	Approved by Planning Committee 26/11/13 Payable before occupation of first unit. Paid in full 15-7-16	0	£99,100
Lord Leicester Hotel, 17-19 Jury Street, Warwick, CV34 4EJ		Commuted sum of £40,000 to be spent in WARWICK DISTRICT	30.8.2016 Paid in full	0	£40,000

5.2 Should the proposed scheme progress to delivery then it will fall under the umbrella of the Council's joint venture (JV) arrangement with WHG. This JV enables New Homes Bonus (NHB) funding generated by the scheme to be recycled into future JV schemes. When full scheme details are known, Members will be advised of the NHB implications although based on 16 units of accommodation it would not be a significant sum.

5.4 There are no ongoing revenue implications for WDC as a consequence of this report.

6. RISKS

6.1 The risks to WDC are minimal as it would only be releasing its element of the funding if planning approval is granted, scheduled monument consent is received, the other funding bodies have provided contractual commitments for the capital funding and WCC has contractually agreed to underwrite the revenue funding for the scheme. There is a chance of reputational harm should the scheme not deliver the housing support envisaged but a greater risk to the Council's reputation is that the site continues to remain in disrepair.

7. ALTERNATIVE OPTION(S) CONSIDERED

7.1 The Council has commissioned two feasibility studies and a viability appraisal so it is officers' view that all the options have been explored in detail and therefore the one proposed to Members is the only one with any realistic possibility of success.

8. BACKGROUND

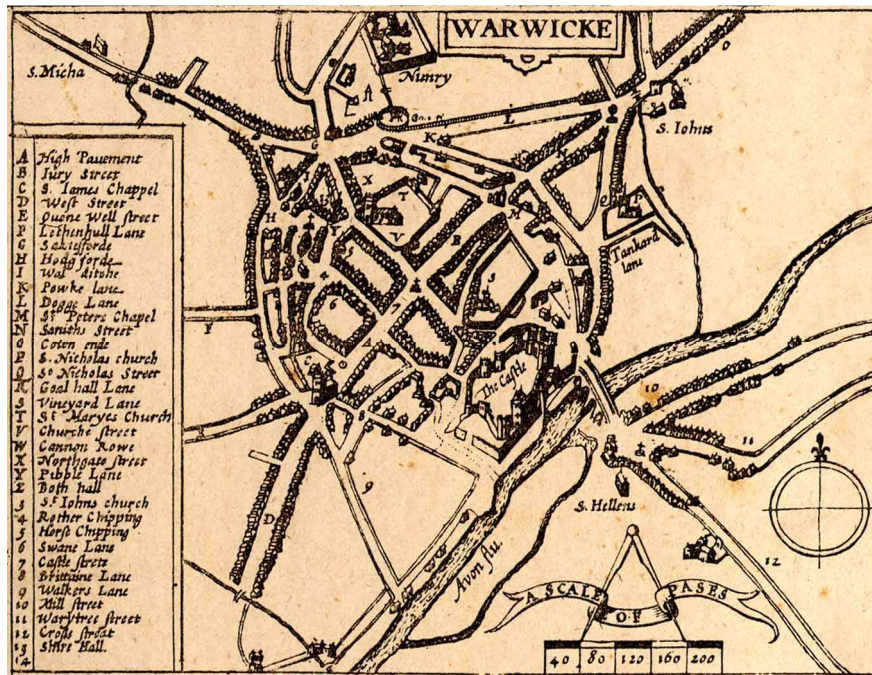
8.1 Heritage Significance

8.1.1 The leper house was a segregated settlement set up for those suffering from leprosy and other related diseases. The first definite foundations for medieval hospitals were by Anglo-Norman bishops and queens in the 11th century. Leper houses form a distinct type among medieval hospitals being settlements that provided a sufferer with permanent isolation from society. Their function was segregation rather than medical care. The first foundations were in the 11th century although most houses were founded in the 12th and 13th centuries. Between the 14th to 16th centuries only 17 houses were founded, perhaps reflecting the gradual disappearance of leprosy. Probably about half of the

medieval hospitals were suppressed by 1539 as part of the Dissolution of the monasteries. The smaller institutions survived until 1547, when Edward VI dissolved all chantries. St Michael's is one of three known examples of leper hospitals in the county. The site has a long history of use documented from the 12th century onwards and includes 15th century standing buildings associated with the hospital. As such, it offers an important survival of a multi-phase medieval site unaffected by modern development. The existence of this extra-mural hospital also provides a significant insight into the relationship between urban communities and special institutions as well as attitudes towards disease in the medieval period.

- 8.1.2 This monument includes the below ground remains of a leper hospital, chapel, and cemetery, located outside the medieval settlement of Warwick. The present focus of the hospital complex is formed by the upstanding chapel, a single cell stone building of 15th century date, and a late 15th or early 16th century timber-framed building, known as the Master's House, situated to the north of the chapel. Although partially rebuilt, the buildings are contemporary with the later medieval development of the site. The standing buildings are considered to overlie the remains of earlier medieval hospital buildings which extend across the whole of the site. These include an earlier chapel, the infirmary and the cemetery which coexisted on the site. Hospital records show that the church of St. Michael was founded by Roger, Earl of Warwick in 1135. The first actual reference to the leper hospital is in 1275, but by 1540 it was said to be 'much in ruin'. By 1545 it was leased to a layman, Richard Fisher, who distributed alms to the poor and gave lodging to four poor men. The last priest recorded as warden took office in 1557. The chapel and Master's house were converted to cottages in the 17th-18th centuries.
- 8.1.3 Today the site is in private ownership. The chapel and the Master's House are both listed Grade II* and are excluded from the scheduling, although the ground beneath both of them, which is believed to contain evidence of structures relating to the earlier development of the hospital, is included.

8.1.4 Speed's map of 1610 including St Michael's Chapel & Master's House



8.1.5 Site images







