

Housing Scrutiny Commission

Goscote House

Assistant Mayor for Housing: Cllr Andy Connelly

Housing Scrutiny Commission: 12th. March 2018

Lead Director: Chris Burgin



City Mayor

Useful information

- Ward(s) affected: Wycliffe
- Report author: Simon Nicholls
- Author contact details: simon.nicholls@leicester.gov.uk
- Report version number: 1.1

Purpose of the report.

This report has been prepared to update member of the Housing Scrutiny Commission on the long-term future of Goscote House.

To inform them that the previous decision made by the Executive to refurbish and reconfigure Goscote House has been reconsidered, as a result of the Grenfell Tower fire and new evidence that other local authorities are reviewing the long-term future of similarly constructed blocks of flats. Goscote House will be decommissioned, demolished and redeveloped

1. Summary

- 1.1 The Housing Division commissioned a report to establish the condition of Goscote House, options for its future and costings. The report confirmed that the block was currently structurally sound and that the layout could be reconfigured. However, the report wasn't able to guarantee the ongoing structural stability and recommended that the block be inspected every five years to ensure that the integrity of the block didn't change.
- 1.2 The report estimated the total cost of the refurbishment/reconfiguration to be in excess of £6m, however this figure is set to increase now that we have agreed in principal to install a wet riser and sprinkler system.
- 1.3 Goscote House was built by Taylor Wimpey, there are several similarly constructed blocks across the country, many have been decommissioned because of ongoing concerns about their structural stability. The construction type hit the headlines many years ago, due to the Ronan Pint incident.

2. Recommendations

- 2.1 That Goscote House should be decommissioned and demolished and that the site be redeveloped by the council or sold. This is because the long term structural integrity of the concrete frame cannot be guaranteed for longer than 5 years.

3. Supporting information including options considered:

- 3.1 Goscote House is one of 5 tower blocks on St Peters Estate, the other 4 are or have been recently refurbished as part of the Tower Block Refurbishment Project.
- 3.2 Goscote House is 23 storeys' high and has 134 units of accommodation, including bedsits, 1 bedroom flats and cluster flats. It was built in 1973 and is well known locally, it is unpopular, difficult to let and suffers from anti-social behaviour issues
- 3.3 Goscote House is constructed differently to the 4 other blocks and it presents different challenges to the others. Not only do the individual elements need to be refurbished/upgraded because they are at the end of their useful life but the layout issues needed to be addressed.
- 3.4 The Leicestershire Fire and Rescue Service are also interested in the future of Goscote House because it is the subject of a prohibition notice which requires us to carry out significant improvement works. They have not actioned this because they know that we have not confirmed the position on the long-term future of Goscote House.
- 3.5 Since the fire at Grenfell Tower the Fire Service are requesting that we carry out improvements ahead of any decision. Also, because the tower is over 60m tall they have requested that should the block be refurbished the specification should now include a wet riser so that in the event of fire they have a water supply on each floor.
- 3.6 As a result of the fire at Grenfell the decision has been made to retrofit sprinkler systems in all LCC high rise accommodation, this was not included in the consultant's recommendations/original costings.
- 3.7 Goscote House is connected to the District Heating network.

General summary of report.

The report was commissioned so that we had an independent assessment of its condition, including costs, options for refurbishment/reconfiguration and potential disposal.

Structure.

- 3.8 The report has concluded that the structure is in generally good condition, this is good news. The report was specifically designed to ensure that invasive testing was carried out and several parts of the block were opened up to ensure that the condition of the wall and slab panels, the reinforcement, dry pack mortar and concrete quality were satisfactory, extensive off site testing was also carried out. Establishing the blocks structural integrity is key to the block having a future at all.
- 3.9 The report does not suggest an expected life span of the building but recommends that if the building is refurbished RICS accredited inspections are carried out every 5 years to confirm the continued structural integrity of the building. It has also come to light that blocks constructed the same in other areas of the county are now

starting to show signs of stress fractures and landlord are taking the decision to vacate the blocks as a precaution measure. It would be naive of us to ignore what is going on in other parts of the country.

3.10 The report does recommend that if it is refurbished/reconfiguration any alterations should be kept to a minimum and that we should not consider applying any additional external covering because the structure could not cope with the additional weight (this means we couldn't externally insulate it) see appendix a, Southwark Council press release.

Cost of Refurbishment.

3.11 The report goes into detail about the condition of all the elements. Such as lifts, fire safety equipment, asbestos and heating and ventilation etc and has concluded that 80% of these are at the end of their useful life. The cost of refurbishment is approximately £5.3m, this does not include any associated fees for Planning, Building Control, procurement, Consultants or any allowance for rent loss. It is likely that taking all these into account the actual figure would be in excess of £6m.

3.12 Proposed layout options eliminate all the bedsits and increases the amount of 2 bedroom accommodation. There have been restrictions on the layout changes due the structural report results limiting the amount of structural work that is permissible. It is felt that the layout as designed is the best one that could be achieved under the circumstances, however there is still some flexibility and it would be possible to reduce the number of 4 bedroom units and increase the number of 2 bedroom units, if required.

3.13 This reconfiguration would result in a reduction in rental income of £67,645 per year. These figures are based on social rents.

3.14 No allowance has been made for 'home loss payments' for tenants' that will permanently lose their home as a result of the refurbishment/reconfiguration being carried out.

3.15 The additional cost to reconfigure the block is just an additional £54k onto of the refurbishment costs.

3.16 As a result of the fire at Grenfell the LFRS has recommended that a wet riser be installed, this is in addition to the installation of a sprinkler system, this will increase the refurbishment cost to £6.5m

Demolition

3.17 It would cost approximately £3m to demolish Goscote House; this is only an estimate and based on the cost of previous demolitions. It is also based on the block being disassembled because of its closeness to the neighbouring buildings.

3.18 Demolition would result in the loss of 134 affordable housing units in the city. The impact of demolition would mean that 88 tenancies would be affected and we would have to find alternative accommodation for them and make homeless

payments. To mitigate this the following actions would need to be taken

Cost to build a new tower block

3.19 The cost to build a new tower block, similar in size to Goscote House is £17.3m, this is based on a cost model used to estimate construction costs. The cost is based on a specification suitable for social housing

Value of block

3.20 The valuers have concluded that the block would be worth £1.2m on the open market and that if the decision was to sell it should be marketing by two agents, one local and one located in London. This to ensure that it marketed to the widest audience possible.

3.21 It is likely to be attractive to other social landlords, landlords, housing associations and organisation that specialise in student accommodation. The valuers think that the student let market is the most likely. They have also warned that it should not be sold to a speculative investor unless they can demonstrate that they have the capacity to deliver the full refurbishment that Goscote House requires. High rise blocks are particularly difficult to manage for private landlords as they are not set up to deal with issue such as anti-social behaviour in the same was as local authorities and housing associations.

3.22 The valuers have also suggested that once refurbished the block will have an estimated resale value of £8.35m.

3.23 The valuers have also said that the block has no value as a development site due to the cost of the demolition, the size of the plot and its location.

4. Details of Scrutiny

Presented to the Housing Scrutiny Commission on the 12th. March 2018

5. Financial, legal and other implications

5.1 Financial implications

If Goscote House were to be retained and refurbished rather than demolished then the Council would retain the responsibility for future decommissioning. As such, the estimated demolition cost of £3m is bringing forward future expenditure and would be funded from reserves. It should be noted that using reserves has an opportunity cost, which are then not available for any other purpose

There will be a loss of rental income as a result of demolishing the block, but this income would have been dependent on the significant investment outlined in the report. Reductions in revenue expenditure will need to be sought to offset this. There

will also be one-off home-loss payments for those permanently losing their home.

Clearly, any future additional income and expenditure would depend on the use of the cleared site.

Stuart McAvoy – Principal Accountant (37 4004)

5.2 Legal implications

In the event that, having opted to demolish Goscote House, any of the tenants refuse to vacate their flats, it will be necessary to take possession proceedings in the County Court in order to recover possession of individual flats.

Tenancies which are introductory in status can be ended by serving an appropriate termination notice in accordance with S128 Housing Act 1996 as a prelude to possession proceedings.

Secure tenancies require the service of a Notice of Seeking Possession with reliance on Ground 10 of Schedule 2 Housing Act 1985. The making of a possession order in such circumstances necessitates the Council demonstrating that it intends within a reasonable time to undertake the demolition work and is able to carry out that intention. The court must also be satisfied that suitable alternative accommodation is available for the tenant.

As a prelude to possession proceedings in relation to assured shorthold tenancies (Homecome tenancies), it is necessary to end the tenancy by service of a notice pursuant to S21 Housing Act 1988 or, if the tenancy is within its initial fixed term, a notice pursuant to S8 of the Act.

Jeremy Rainbow.

5.3 Climate Change and Carbon Reduction implications

Demolition of Goscote House would require the transfer of tenants out of accommodation which is relatively low carbon, due to the district heating supply, and into alternative accommodation. The impact on Leicester's carbon emissions would depend on the energy efficiency and heating systems of the alternative housing, but an increase in emissions could result. In addition, the removal of Goscote House from the district heating network might affect the overall efficiency of the network – and the resulting carbon emissions per unit of heat. The Council could mitigate these negative effects by requiring that any new development on the site is connected to the district heating network.

The demolition itself would have climate change implications too, as concrete and other construction materials require a lot of energy to manufacture – so the disposal of existing materials and the use of new materials in any new development would generate additional carbon emissions. This impact could be minimised by ensuring that as much as possible of the demolition material is recovered for reuse or recycling.

Duncan Bell, Senior Environmental Consultant. Ext. 37 2249.

5.4 Equalities Implications

The demolition of Goscote House will result in the loss of 134 affordable homes and 88 tenancies, this will have a negative impact across all protected characteristics as defined by the Equality Act. However, this does need to be balanced against the health and safety issues which are highlighted in the report, and the need to ensure tenant safety regardless of protected characteristic. The health and safety issues cited in the report, in relation to the structural integrity of the concrete frame of Goscote House and the prohibition notice served by Leicestershire Fire and Rescue Service, are important deciding factors regarding the future of Goscote House.

However, the council's Public Sector Equality Duty (PSED) as set out in the Equality Act 2010, requires decision makers to be aware of and take account of the impact of its proposals on those likely to be affected, which in this case are the 88 tenancy holders. Any impact on the tenancy holders would need to be considered and taken into account, with mitigating actions put into place to ensure that the tenants' needs are met.

In order to demonstrate that there has been 'due regard' paid to equalities implications, the impacts must be considered and taken into account before and at the time a particular policy that will or might affect people with protected characteristics is under consideration, as well as at the time a decision is taken. It must be demonstrated that the duty to pay 'due regard' to the equalities implications has been exercised in such a way that it influences the final decision. An equality impact assessment would need to be carried out to fully ascertain the impact across the protected characteristics.

The implications of the recommendation in the report to demolish Goscote House must also be considered alongside the **obligations of public authorities under the Human Rights Act 1998** ("the HRA"), in particular Article 8, the right to respect for private and family life, which denotes that:

- 1 Everyone has the right to respect for his private and family life, his home and his correspondence.
- 2 There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

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

Introduction.

The Leicester District Energy Company (LDEC) agreement 2011 adopts a PFI type avoided cost financial model. In this financial model the Council has agreed to purchase energy for specified group of housing estates and buildings over the duration

of the contract. The contract requires the financial model to be reviewed at least every five years.

The financial opportunity

The financial model encourages the expansion of the District Heating Networks because any addition buildings to the network, together with increased energy consumption means that the unit cost and standing charge for the remaining buildings may be lowered under a financial review.

The risk.

The loss of any building from the LDEC District Heating network means that the unit cost and standing charge for the remaining buildings is likely to increase, in order to compensate LDEC for the loss of revenue.

Cumulative loss of dwellings from the LDEC Scheme

Since the beginning of the LDEC contract, the sale of council assets has seen the net reduction of properties connected to the LDEC district Heating Scheme. The demolition of Goscote House will remove an further 135 dwellings from the LDEC scheme, the consequences of which are likely to see a further increase in unit and standing charge for the remainder of Council buildings connected to the LDEC Network.

The above gives a general description of the principles and contractual arrangements relating to the LDEC financial model. If further estimates of the actual numerical costs are required, then such estimates should be obtained from the finance department.

6. Background information and other papers:

None

7. Summary of appendices:

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

No

9. Is this a “key decision”?

Yes

10. If a key decision please explain reason

Value in excess of £0.5m

