TO COUNCILLOR:

L A Bentley	S Z Haq (Chair)	C J R Martin
J K Ford	P Joshi	C A M Walter

I summon you to attend the following meeting for the transaction of the business in the agenda below.

Meeting:	Capital Projects Sub-Committee
Date & Time:	Thursday, 27 November 2025, 6.00 pm
Venue:	Civic Suite 2, Brocks Hill Council Offices, Washbrook Lane, Oadby, Leicester, LE2 5JJ
Contact:	Democratic Services **t:** (0116) 257 2775 **e:** democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices
Oadby
19 November 2025

Anne E Court
Chief Executive

Meeting ID: 3034

ITEM NO. **AGENDA** **PAGE NO'S**

Meeting Live Broadcast | Information and Link

This meeting will be broadcast live.

Press & Public Access:

A direct link to the live broadcast of the meeting's proceedings on the Council's Civico platform is below.

https://civico.net/oadby-wigston/23004-Capital-Projects-Sub-Committee

1. Apologies for Absence

To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.

2. Appointment of Substitutes

To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.

3. Declarations of Interest

Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.

4. Minutes of the Previous Meeting

To read, confirm and approve the minutes of the previous meeting in accordance with Rule 19 of Part 4 of the Constitution.

5. Action List Arising from the Previous Meeting

To read, confirm and note the Action List arising from the previous meeting.

6. Petitions and Deputations

To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.

7. Land at Horsewell Lane, Wigston and Options to Increase the Council's Housing Stock **3 - 8**

Report of the Head of the Built Environment

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Capital Project Sub Committee	Thursday, 27 November 2025	Matter for Information and Decision

Report Title: **Land at Horsewell Lane, Wigston and Options to Increase the Council's Housing Stock**

Report Author(s): **Adrian Thorpe (Head of The Built Environment)**

Purpose of Report:	This report relates to the Business Case that has been approved with regard to the vacant land at Horsewell Lane in Wigston and the previous report to CPSC in December 2024.
Report Summary:	An overview of the options available for the Horsewell Lane Site with a recommended preferred option together with an analysis of options to increase housing stock in the Borough.
Recommendation(s):	**Horsewell Lane** **A. The Council disposes of the land at Horsewell Lane on the open market;** **B. The capital receipt arising from the sale is used to offset costs incurred to date in relation to investigating the development potential of the site, with the remainder acting as a capital receipt to the HRA;** **Options to Increase the Council's Housing Stock** **C. That Members note the options to either initiate a development project at the existing car park site at Paddock Street in Wigston in order to build new properties <u>or</u> to continue purchasing properties using right to buy monies; and** **D. That taking all of the factors into account as set out in the report, Members agree to the option of continuing to purchase properties (including the option of buying new build off plan) using right to buy monies and do not proceed with any development project at this time.**
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Teresa Neal (Strategic Director) (0116) 257 2642 teresa.neal@oadby-wigston.gov.uk Adrian Thorpe (Head of the Built Environment) (0116) 257 2645 adrian.thorpe@oadby-wigston.gov.uk Chris Eyre (Housing Manager) (0116) 257 2726 chris.eyre@oadby-wigston.gov.uk
Strategic Objectives:	Our Council (SO1) Our Communities (SO2) Our Economy (SO3)

	Our Environment (SO4)
Vision and Values:	"Our Borough - The Place To Be" (Vision) Customer & Community Focused (V1) Proud of Everything We Do (V2) Collaborative & Creative (V3) Resourceful & Resilient (V4)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Effective Utilisation of Assets / Buildings (CR5) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable at this stage.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Introduction

1.1 A business case was prepared for the proposed development of Horsewell Lane site that identified a preferred option to construct 7 modular housing units on the site for Social Housing (a mixture of 2 & 3 bedroom properties and a bungalow). This was presented to Council and approved in April 2024.

1.2 Following the submission of the business case, there have been changes to the project funding source and given the nature of the development it was also suggested that traditional construction methods would be more suitable for the development.

1.3 An update that reflected the above was presented to Capital Project Sub Committee on 17th December 2024.

1.4 Given the relatively high capital expenditure for the scheme (circa £2.14m ex VAT) CPSC requested a further options appraisal be carried out for the Horsewell Lane site to ensure that the Council was receiving 'best value' for the investment.

1.5 Following the approval of the Horsewell Lane business case, an alternative site for development within the borough has been identified on Paddock Street which is likely to provide a more favourable return on capital investment when considering likely capital cost of development and the number of habitable units produced.

1.6 However, given the fact that a key impetus for the Council to bring forward a residential development scheme was because at that time this provided the only logical mechanism for the Council to spend its Right to Buy Receipts, the rules around this spending has now changed, and it is now possible for the Council to spend all of its Right to Buy Receipts on the purchase of properties at least until 31st March 2026. Purchasing properties therefore provides an alternative and significantly lower risk option, for the Council to increase its housing stock compared to embarking on a major residential development scheme.

1.7 This report outlines the options considered and presents the preferred options for consideration and approval.

2. Horsewell Lane

2.1 A business case was approved 16th April 2024 for the development of the site for housing through modular construction following the transfer of the land from General Fund to HRA ownership.

2.2 The business case identified a budget of £2.14m which would provide 7 housing units utilising modular construction methods on the site. The original approved budget for the scheme in February 2022 was £2.4m.

2.3 With the change in Government, new rules were introduced that impacted on the proposed funding for the project (utilising Right to Buy Receipts) because there is now more flexibility in how right to buy receipts can be spent and they can be put to better, more effective, use by purchasing properties. The project will therefore no longer seek to utilise these receipts for all the funding and if it is progressed, additional external funding would be required.

2.4 Following approval of the business case there has been a shift in the construction market, with a number of modular construction contractors in the market decreasing. Whilst in principle, the project would lend itself to modular construction (particularly if this were to be a blueprint for further schemes), it was considered that traditional construction techniques may deliver better value for the council.

2.5 A paper was taken to CPSC on 17th December 2024 outlining the proposed change to project funding source and recommending a change from modular to traditional form of construction.

2.6 It was requested by CPSC that a thorough review of all options available for Horsewell Lane site be considered and brought back to CPSC for review and approval of a preferred option. It was requested that the review included the consideration of alternative sites available, differing needs identified and the changing objectives of the Council.

2.7 A summary conclusion of each of the considered options for the Horsewell Lane site are as follows:

(i) Option 1: Do nothing. This option does not realise any benefit for the HRA.

(ii) Option 2: Sale of the site. This provides best value option having considered a number of options. It provides a capital receipt to HRA and would enable development to be considered on more appropriate sites within the borough.

(iii) Option 3: Sale of site with planning permission. Whilst this would realise and increase the capital receipt due to an increase in sale price, this would not outweigh the costs associated with developing the design and producing the necessary information required to secure a successful planning decision. The sale of the land would also be delayed due to the timescales associated with securing planning approval.

(iv) Option 4: Sale of site and leaseback property. The site is likely to be of limited interest to a developer due to the low development potential. The Council would incur significant ongoing revenue costs for the lease period. This option does not provide best value for the Council.

(v) Option 4a: Gift land and lease back property. Might be more attractive to developers than Option 4, but does not provide best value to the Council.

(vi) Option 5: Develop the site for Council Housing. This was the preferred option when the Business Case was presented. However, due to the changing nature of homelessness in the borough and the requirements of social housing, the limited number of units that could be developed on the site and changes within the construction sector, it is considered that better value for money could be realised by developing alternative sites in the Borough.

(vii) Option 6: Temporary homeless accommodation. Whilst this option would provide the type of accommodation required in a relatively short period, it is considered that this type of development is better suited to other sites where economies of scale could be realised and hence provide better value for the Council.

(viii) Option 7: Leisure Option adjacent to park. The site is not of sufficient size to provide significant new facilities.

2.8 Having considered various factors relating to the proposed development at Horsewell Lane and considering the likely cost of construction of new properties and the housing needs of the Council, it is recommended that the development approved in the business case in April 2024 is not progressed.

2.9 The preferred option for the site that has been identified is:

- Sale of the land on the open market (without planning permission) which could return circa £90,000 (this figure is to be verified by an up-to-date valuation).

2.10 To date the Council has spent £78,500 on the project which has been paid by HRA. This will be compensated for by the fact that the HRA will benefit from the capital receipt following the sale of the land. Costs of this nature are normal and not unusual in investigating the development potential of a site. Equally it is important that the Council continually reviews projects to ensure that they are providing best value.

3. Paddock Street

3.1 Should Members agree to the sale of the Horsewell Lane site an alternative site has been identified that could be considered for potential development. This is the existing car park site at Paddock Street in Wigston.

3.2 Paddock Street car park is owned by the Council and has been identified by the Council as being suitable for residential development for a number of years, having been allocated in the Town Centres Area Action Plan, the subject of a Local Development Order, and more latterly the subject of the Walkable Wigston Levelling Up Fund Bid where the site was included for residential development.

3.3 The part of the site that is proposed for development is the land to the east of the entrance to the car park and to the south of the Two Steeples Pub car park. Early indications are that an overall capital investment in excess of circa £3m (including 20% contingency but excluding VAT) would be required for the development of the site.

3.4 At this stage it is suggested that the funding for the scheme would be 40% from Homes England Grant, and 60% HRA capital borrowing. It is important to note that this scheme would only be affordable to the Council with Homes England Grant.

3.5 In order to secure Homes England grant, it is necessary to develop the scheme to a point where planning permission for the development is secured, and the scheme is 'oven ready' with a defined procurement and delivery strategy.

3.6 Whilst Homes England have provided a level of assurance that a funding application would be successful, a key risk to the Council would be that there is no guarantee of securing a grant even following planning approval determination.

3.7 The cost of professional fees and surveys required to develop the scheme to a valid full planning application and to carry out the contractor procurement process would be circa £155k (including contingency) based on costs presented in May 2025. This work would also provide a more robust assessment of the required amount of capital investment compared to the estimate of £3 million referenced above. In addition, there would be a requirement to carry out a meaningful tenant consultation in order that tenants' thoughts and ideas can be fed into the process.

3.8 The scheme would need to be developed using traditional construction methods and delivered via a Joint Contract Tribunal (JCT) Design & Build construction contract with the contractor taking on design responsibility following the planning application determination.

3.9 A project team would need to be set up to manage the project, develop design proposals, engage with the Local Planning Authority, and confirm programme and procurement strategy. In order to maintain pace and eliminate stalled opportunities like the Council has experienced in the past with development projects of this nature, Exi Group would be instructed to deliver the project at pace on behalf of the Council through the strategic partnership that has been procured. Monthly updates and project management would be provided to the Council's Corporate Performance Management Board. Reports back to CPSC would be provided at the following key milestones:

- Following the successful determination of the planning application, identification of a preferred contractor and contract sum and successful Homes England grant application (to agree contract documentation and the appointment of contractor)

3.10 Nevertheless, a building project of this nature would bring with it a number of risks, especially for a council of our size and limited budget:

- Getting to a stage where we could bid for Homes England funding would require significant revenue expenditure which would be 'at risk' if the grant funding were not forthcoming or if the project couldn't proceed for another reason.
- A development project of this nature would require capital borrowing. Various business cases for building projects have been considered in recent years and all have proved marginal at best, the majority have proved unviable

- Although external project management support would be brought in, a building project would still take up a significant amount of officer time which could better be spent on improving our services provided to existing tenants

4. Purchasing additional homes on the open market

4.1 As mentioned in paragraph 1.6 the rules around the spending of Right to Buy money has now changed, and it is now possible for the Council to spend all of its Right to Buy Receipts on the purchase of properties until 31st March 2026. As at 1st April 2025 the Council had £1.42 million Right to Buy Receipts held in reserve. Purchasing properties therefore provides an alternative and significantly lower risk option, for the Council to increase its housing stock compared to embarking on a major residential development scheme. The Government has not announced whether it will maintain the flexibility on spend of Right to Buy receipts to include the purchase of properties after 31st March 2026 and it will likely weigh the benefits of this flexibility against its desire to increase house building.

4.2 As such, an option exists not to embark on any development project and to continue purchasing properties instead using right to buy monies. If necessary, this could also be supplemented by HRA capital borrowing (as a major building project would need to be), and if this was required, the level of borrowing would be significantly less than it would need to be with a new build project.

4.3 A further nuance of this approach could be to buy new build properties off plan. Purchasing in this this way removes the on costs we would incur through project managing and developing, it also brings in new stock rather than recycling existing stock.