

## Leeds City Council Subsidy Assessment Form

### Part A – Project Details and Assessment Summary

<b>Project Title</b>	
Lower Kirkgate Townscape Heritage Initiative (THI) – 96 and 97 Kirkgate	
<b>Brief Description of the project</b>	
<p>The Lower Kirkgate THI is a National Heritage Lottery Fund (NLHF) grant programme designed to deliver conservation standard restoration schemes for eligible properties. The grant is jointly funded with the council and property owners provide their own match funding. 96 and 97 Kirkgate are private eligible properties which will be delivered as part of Phase 1 works.</p> <p>96 Kirkgate has Title Registration to 96 Kirkgate Limited and 97 Kirkgate is registered to Kirkgate Land Limited. Both properties are subsidiary companies of City Fusion.</p> <p>Grant is offered to fund eligible conservation standard works to restore the building and bring vacant historic floor space back into use. This will include refurbishment of the exterior of the building to include restoration / reinstatement of timber sliding sash windows, reinstatement of traditional shopfront, roof works / replacement of rainwater goods, restoration of brickwork and rendering and rebuilding of a rear extension.</p>	
<b>Directorate and Service responsible for the Project:</b>	Asset Management and Regeneration
<b>Name and post of Officer completing assessment:</b>	Wyn Jones
<b>Date Assessment Form completed:</b>	5 December 2023
(complete the following boxes only after completing Parts B to F of this form, as applicable)	
<b>Is the Council granting a Subsidy?</b>	Yes
<b>Is the proposal a standalone Subsidy or for a Subsidy Scheme?</b>	Standalone
<b>Is the Subsidy covered by either a Government Streamlined Subsidy Scheme or a Legacy Scheme?</b>	No
<b>Is this Subsidy for an SPEI?</b>	No
<b>Is this Subsidy an SSoPI?</b>	No
<b>Is this Subsidy an SSoI?</b>	No
<b>What, if any, exemption is relied on for granting the Subsidy? (MFA, SPEIA, or Other Exemption)</b>	N/A
<b>Have you completed Part E and does the Subsidy comply with the Subsidy Control Principles? (if applicable)</b>	Yes

<b>Have you completed Part F and does the Subsidy comply with the Energy and Environment Principles? (if applicable)</b>	N/A
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The Statutory Guidance for the Subsidy Control regime is available at:

[Statutory Guidance for the United Kingdom Subsidy Control Regime \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100222/statutory-guidance-for-the-uk-subsidy-control-regime.pdf)

## Part B - Is the Council granting a Subsidy?

Test	Answer <b>Yes</b> or <b>No</b> ; please include brief reasons for your answer
<p><b>1. Is the Council giving a third party any financial assistance out of public resources, whether directly or indirectly?</b></p> <p>(‘financial assistance’ can be in many forms, for example: a grant, a tax break, a loan or guarantee, an equity investment, or the use of facilities)</p>	<p>Yes – a grant is being offered to third party property owners.</p>
<p><b>2. Are any of the recipients of the financial assistance “enterprises”?</b></p> <p>(an ‘enterprise’ is any entity that is engaged in an economic activity, i.e. offering goods and services on a market. An entity can be engaged in both economic and non-economic activities, and will be considered an ‘enterprise’ only in relation to it’s economic activities)</p>	<p>Yes – the property owners will use the grant to deliver a refurbishment project</p>
<p><b>3. Does the financial assistance confer any economic advantage on the recipient(s)?</b></p> <p>(I.e. is the financial assistance being provided on favourable terms? For example, a grant by its nature will nearly always be on favourable terms; but a loan, guarantee or investment from the Council will not be on favourable terms if it is on the same terms as the same assistance could have been obtained on the market (e.g. from a commercial lender))</p>	<p>Yes - a grant is being offered to individual property owners which results in an economic advantage</p>
<p><b>4. Is the financial assistance being given to specific recipients, such that it benefits them over one or more other enterprises?</b></p> <p>(I.e. is the Council only giving the financial assistance to specific recipients, or only to enterprises in a specific sector, industry or area or with certain characteristics, rather than making it available to any enterprise?)</p>	<p>Yes - a grant is being offered to owners of eligible properties only</p>
<p><b>5. Will the financial assistance have, or be capable of having, an effect on competition or investment within the UK, or on trade and investment between the UK and another country or territory?</b></p> <p>(Financial assistance must be capable of producing a relevant effect capable of having a genuine, adverse effect on a market to be a Subsidy.)</p>	<p>Yes - a grant will be offered to individual property owners and this is capable of having an effect on competition</p>

Further detailed guidance for completing each step can be found in Chapter 2 of the Government guidance [here](#).

If you have answered “No” for any of the 5 parts of the test, then the Council is not granting a Subsidy and the Subsidy Control regime will not apply. You do not need to complete the remaining parts of this form, but should keep this form as a record of your assessment.

If you have answered “Yes” for all 5 parts of the test, then the Council is most likely granting a Subsidy and the Subsidy Control regime will apply to the project. You should refer to the Additional Considerations in Part C below, then complete Parts D to E of this form as applicable.

## Part C - Additional Considerations

Please answer all questions set out below before proceeding.

	Yes or No
Does the proposed subsidy include an unlimited guarantee of the debts or liabilities of the recipient?	No
Is the proposed subsidy contingent on the recipient's export of goods or services?	No
Does the proposed Subsidy require the recipient to use domestically produced goods or services?	No
Does the proposed Subsidy require that the recipient relocate all or part of its existing economic activities, and that relocation would not occur but for the giving of the proposed subsidy?	No
If you answered Yes to any of these then this subsidy is prohibited by the Subsidy Control regime and cannot proceed.	

Does the proposed subsidy seek to rescue or restructure an ailing or insolvent enterprise?	No
If you answered Yes to this then this subsidy is prohibited by the Subsidy Control regime unless additional conditions are met. You should complete Parts D to F of this form (as applicable) and then seek further legal advice from Legal Services or Procurements and Contracts	

Are you proposing a Subsidy Scheme rather than a standalone subsidy? (A Subsidy scheme is a set of rules that describes the eligibility, terms and conditions for a number of subsidies to be given under a single scheme)	No
If you answered Yes, then the exemptions in Part D do not apply and you should complete Part E and (if applicable) Part F of this form in relation to the Subsidy Scheme.	

Is the proposal covered by a Streamlined Subsidy Scheme or a Legacy Scheme? Current Streamlined Schemes are listed at <a href="https://www.gov.uk/government/consultations/subsidy-control-act-2022-streamlined-routes">Subsidy Control Act 2022: Streamlined Routes - GOV.UK (www.gov.uk)</a>	No
If so, please identify the relevant Streamlined Subsidy Scheme or Legacy Scheme	
If this Subsidy is part of a Streamlined Subsidy Scheme or Legacy Scheme then you do not need to complete Parts D to F of this form. But you do need to ensure that the Subsidy complies with the Scheme requirements.	

Does one or more of the Subsidy's policy objectives relate to energy* or the environment? *does not include nuclear energy subsidies	No
If answered Yes, then both Part E and Part F of this form should be completed (unless an exemption in Part C applies to the Subsidy)	

	Yes or No
<b>Is the Subsidy for more than £10million?</b>	No
<b>Is the Subsidy for more than £1million and will cumulate to more than £10million with other related subsidies over the previous 3 financial years?</b>	No
<b>Is the Subsidy to be granted in a sensitive sector<sup>1</sup> and for more than £5million?</b>	No
<b>Is the Subsidy to be granted in a sensitive sector and for more than £1million and will cumulate to more than £5million with other related subsidies given over the previous 3 financial years?</b>	No
<b>Is the subsidy to be granted for the restructuring of the recipient?</b>	No
<p>If you have answered 'Yes' to any of the above questions, then the Subsidy will be a Subsidy or Scheme of Particular Interest ("SSoPI").</p> <p>You must complete Part E (and if applicable, Part F) of this form in detail.</p> <p>An SSoPI must be referred to the Competition and Market Authority's Subsidy Advice Unit for review, before the subsidy can be granted or the subsidy scheme can be made.</p>	

<b>Is the Subsidy between £5million and £10 million (individually or cumulatively with any related subsidies given over the previous 3 financial years) but not an SSoPI?</b>	No
<p>If you have answered 'Yes' to this question, then the Subsidy will be a Subsidy or Scheme of Interest (SSoI)</p> <p>You must complete Part E (and if applicable, Part F) of this form in detail.</p> <p>The Council may voluntarily refer an SSoI to the Competition and Market Authority's Subsidy Advice Unit for review before granting the subsidy or making the scheme.</p>	

<b>Does the proposed Subsidy have any cross-border implications with Northern Ireland or any country outside the United Kingdom?</b>	No
<p>If you answered 'Yes' to this question you should seek further legal advice from Legal Services or Procurement and Contracts. The EU's State aid rules still apply to trade between Northern Ireland and the EU, and WTO rules apply to subsidies with cross-border effects.</p>	

<p>A Service of Public Economic Interest ("SPEI") is an essential service provided to the public which would not be supplied in an appropriate way or may not be supplied at all by the market.</p>	
	Yes or No, with reasons.
<b>Is the service being provided for the benefit of the public?</b>	No

<sup>1</sup> The following are deemed to be sensitive sectors as at January 2022 but may be subject to review: • Manufacture of basic iron and steel and of ferro-alloys (SIC code 24.10) • Aluminium production (SIC code 24.42) • Copper production (SIC code 24.44) • Manufacture of motor vehicles (SIC code 29.10) • Building of ships and floating structures (SIC code 30.11) • Manufacture of motorcycles (SIC code 30.91) • Manufacture of air and spacecraft and related machinery (SIC code 30.30) • Production of electricity (SIC code 35.11)

<b>Would the service not be provided at all, or would the service not be provided on the terms required, by an enterprise under normal market conditions?</b>	No
<p>If the answer to both above questions is 'Yes' then this Subsidy is for an SPEI. An SPEI may be eligible for the SPEIA exemption (see below).</p> <p>If an SPEI is not eligible for an SPEIA exemption, you will need to assess the SPEI Subsidy against the Subsidy Control Principles in Part E of this form, but the subsidy may still be awarded if it is inconsistent with the Subsidy Control Principles if compliance with the Principles would prevent the SPEI services from being carried out. (An SPEI subsidy cannot be awarded if it is inconsistent with the Energy and Environment Principles set out in Part F of this form).</p>	

You should now complete Part D of this form.

## Part D - Do any Subsidy Control exemptions apply?

### Service of Public Economic Interest Assistance (SPEIA) exemption

	Yes or No, with reasons.
Is the Subsidy for an SPEI? (see above)	No
Will the total amount of MFA or SPEIA financial assistance (or any <i>des minimis</i> State aid or SAFA subsidy) given to the enterprise exceed £725,000 over the last 3 financial years? (the last 3 financial years includes the elapsed part of the current financial year and the two preceding financial years)	No
If you have answered 'No' to the last 3 questions, then the Subsidy can be granted to the enterprise as an SPEIA without complying with the Subsidy Control principles in Part E.  In order to grant an SPEIA subsidy, the Council must follow the SPEIA notification and confirmation process, and any Subsidy over £100,000 must still be recorded on the Government's subsidy control database.	

### Minimal Financial Assistance (MFA) exemption

	Yes or No, with reasons.
Will the total amount of MFA or SPEIA financial assistance (or any <i>des minimis</i> State aid or SAFA subsidy) given to the enterprise exceed £315,000 over the last 3 financial years? (the last 3 financial years includes the elapsed part of the current financial year and the two preceding financial years)	Yes
If you have answered 'No' to these 3 questions, then the Subsidy can be granted to the enterprise as an MFA without complying with the Subsidy Control principles in Part E.  In order to grant an MFA subsidy, the Council must follow the MFA notification and confirmation process, and any Subsidy over £100,000 must still be recorded on the Government's subsidy control database.	

If the SPEIA or MFA exemption applies, then you do not need to complete Parts E or F of the form.

If the SPEIA and MFA exemptions do not apply, then you must now complete Part E (and Part F, if applicable) of this form.

### Other Exemptions

There are exemptions for Subsidies relating to the items listed below; if any of these apply, please seek legal advice from Legal Services or Procurement and Contracts before proceeding.

**Natural disasters and other exceptional circumstances**

**National or global economic emergencies**

**National security**

**Bank of England monetary policy**

**Financial Stability directions given by the Treasury**

**Tax measures**

**Large cross-border or international cooperation projects**

## Part E – The Subsidy Control Principles Assessment

The Subsidy Control Act 2022 sets out 7 Subsidy Control principles, listed below.

The Government’s Subsidy Control guidance sets out a 4-step process for assessing a subsidy against the 7 Principles. The guidance advises that the depth of analysis under the assessment should be commensurate to the size and potential distortive impact of the subsidy or subsidy scheme in question.

Further detailed guidance for completing each step can be found in Chapter 3 of the Government guidance [here](#).

<b>Subsidy Control Principles</b>
<b>Principle A:</b> Subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns).
<b>Principle B:</b> Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it.
<b>Principle C:</b> Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change, in relation to a subsidy, should be conducive to achieving its specific policy objective, and something that would not happen without the subsidy.
<b>Principle D:</b> Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.
<b>Principle E:</b> Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.
<b>Principle F:</b> Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition and investment within the United Kingdom.
<b>Principle G:</b> Subsidies’ beneficial effects (in terms of achieving their specific policy objective) should outweigh any negative effects, including in particular negative effects on competition and investment within the United Kingdom, and international trade and investment.



## Part E continued

	Assessment
<p><b>Step 1 – Explain what the policy objective is that the proposed subsidy or subsidy scheme pursues, what market failure or equity concern* it addresses, and explain why a subsidy is the right tool to use to achieve that policy objective.</b></p> <p>*a redistribution of resources between different groups or areas more fairly.</p> <p>This considers Principles A – “Policy Objective”, and E – “Appropriateness”</p>	<p><u>Policy Objective</u></p> <p>The Lower Kirkgate Townscape Heritage Initiative (THI) scheme was launched in April 2013 originally as a five year programme involving £2.4m NLHF and LCC common fund grant. Due to the importance of delivering the significant number of properties that City Fusion control, and in order to complement the properties that have been restored, the THI programme has been extended to provide a final opportunity for City fusion to complete the projects. This also reflects the legal / construction cost complexities and the intervention of the Covid pandemic. The THI scheme is being administered by the council which aims to regenerate Lower Kirkgate by integrating it into the city centre as a destination place. Central to the programme design is the principle that grant funds will be allocated to building owners in Lower Kirkgate for repair and refurbishment, via a grant programme.</p> <p>Early-stage project planning identified 96 and 97 Kirkgate as Target Properties for grant, due to their poor condition. Both properties are located within the Leeds City Centre Conservation Area and are within the Lower Kirkgate THI boundary.</p> <p>The Lower Kirkgate THI project overall, and the proposed works at 96 &amp; 97 Kirkgate, will contribute towards public policy objectives to address market failure and to deliver a public good via the repair and enhancement of the heritage character of the street.</p> <p>There is an established case for the subsidy of culture and heritage, which is often subject to market failures. The Government have set out guidance which is of relevance and which establishes a methodology for establishing the value of culture and heritage as a public good (Valuing culture and heritage capital: a framework towards informing decision making <a href="https://www.gov.uk/government/publications/valuing-culture-and-heritage-capital-a-framework-towards-informing-decision-making">Valuing culture and heritage capital: a framework towards informing decision making - GOV.UK (www.gov.uk)</a>). This guidance sets out the non-use and use value of heritage assets, including the value that heritage assets generate through existence and indirect use. This is relevant to Lower Kirkgate, where the enhancement of the built environment will provide a broad public good to the people of Leeds, and visitors, through the continued existence of the historic environment.</p> <p>As a heritage asset, the buildings itself and the Conservation Area are subject to established national legislation and national and local planning policy as follows:</p> <ul style="list-style-type: none"> <li>• National Legislation within <b>the Planning (Listed Buildings and Conservation Areas) Act 1990</b>. Section 72 (1) identifies that local authorities have a legal duty with respect to any buildings or other land in a conservation area, to ‘pay special attention to the desirability of preserving or enhancing the character or appearance of that area’.</li> <li>• The <b>National Planning Policy Framework</b> establishes the principle that heritage assets are an irreplaceable resource which should be conserved</li> </ul>

in a manner appropriate to their significance. Paragraph 190 sets out the *'desirability of sustaining and enhancing the significance of heritage assets'* and *'the desirability of new development making a positive contribution to local character and distinctiveness'*.

- The Lower Kirkgate Planning Statement (2011) highlights an objective to “Preserve and enhance the character and appearance of the city centre conservation area, and special interest of any listed buildings” and to promote “Physical, economic and social regeneration of the areas through heritage-led renewal, and thereby an opportunity to safeguard and enhance the character of the conservation area and any listed buildings”. Key packages of work which are identified as important are, the reinstatement of traditional shopfronts, preserving and enhancing the historic character of building through repair and maintenance, reinstatement of traditional windows, roof works and retention of important historic building fabric such as walls.
- The Lower Kirkgate THI project and the proposed grant subsidy will accord with a number of **Leeds Best City Ambitions**. It will deliver on the ambition to promote positive identity, culture and heritage. The redevelopment of the buildings presents an opportunity to deliver improvements to the historic character and visual appearance of the buildings, contributing towards the broader character and sense of place of the street. In addition, it will accord with the ambition to make rapid progress towards Zero Carbon; through the refurbishment of the buildings contributing toward its long-term survival and sustainability.

#### Market Failure

At the start of the THI Programme the whole of Lower Kirkgate was subject to vacant dilapidated buildings with little or no maintenance or investment taking place. Prior to the grant scheme Lower Kirkgate was an abandoned edge of city centre location.

Gradually, since the launch of the THI Programme, the restoration of the iconic First White Cloth Hall, complemented by several other building restoration schemes and delivery of streetscape works along Kirkgate and Call Lane, has introduced a degree of vibrancy and made a positive impact on the area. Despite this investment, due to the number of dilapidated properties owned by City Fusion Limited there remains a stark contrast on the visual impact along Kirkgate.

The poor condition of the properties results in a conservation deficit particularly at 97 Kirkgate which is a larger building. The increased costs associated with conservation standard works compared with standard construction methods will not generate comparable value to the building owners and therefore deter owners from investing in their buildings. The proposed subsidy will address the market failure, through partially funding the existing conservation deficit.

Additionally, as identified above, the delivery of the subsidy can maximise benefits to the public by contributing towards public good. The consumption of heritage is non-exclusive, and heritage is recognised as delivering a public good through a multiplicity of benefits including the enhancement of the quality and character of places to live and work and social benefits in contributing to sense of

	<p>place. The Subsidy therefore ensures that the public good provided by the heritage properties to the public is sustained.</p> <p><u>Why a Subsidy?</u></p> <p>In the absence of the intervention, City Fusion has confirmed that it is unlikely that the projects would be delivered and, if delivered, it would not be to a conservation standard. The subsidy provides the key to unlocking the projects, which would otherwise not happen.</p> <p>By offering grants, the project will leverage a 56% private sector investment for 96 Kirkgate and 82% for 97 Kirkgate via the match funding required from the property owners.</p> <p>Whilst the planning system can regulate development, it cannot compel property owners to undertake works, and can only control the standards and methods used to a limited extent. The existence of dilapidated buildings on the street evidences that the existing regulatory system alone is not sufficient as an instrument to deliver the necessary works. Additionally, the subsidy provides the opportunity to oblige the property owners to deliver work that might not otherwise have been undertaken, and to ensure the works are carried out to high conservation standards; often above those which might otherwise be achieved.</p> <p>Lower Kirkgate has been identified as a Townscape Heritage Initiative scheme, a programme designed to deliver grant funding as its principal method of intervention. The subsidy therefore represents an appropriate policy instrument to secure delivery of Council policy objectives and address the market failure identified above.</p>
<p><b>Step 2 – Explain how the subsidy or subsidy scheme is designed to create the right incentives for the beneficiary and bring about a change.</b></p> <p>This considers Principles C – “baseline no-subsidy scenario”, and D – “Additionality”</p>	<p>Without the proposed subsidy, the developments at 96 and 97 Kirkgate would not occur. The property owners do not have the financial means to bring the development forward. 97 Kirkgate has in the past been subject to a lack of investment and poor maintenance management. City Fusion only recently acquired 96 Kirkgate which is in a similar condition to 97 Kirkgate.</p> <p>The subsidy will therefore provide the crucial opportunity to unlock the direct investment needed at 96 and 97 Kirkgate to deliver an appropriate and high-quality conservation standard refurbishment.</p> <p>To ensure the subsidy is incentivising the right outcomes, specific eligibility criteria is set out within the grant agreement requiring appropriate conservation standards. For example, a key part of the project is the reinstatement of traditional shop fronts and windows. The grant requires traditional timber shop front details and sliding sash windows, which are of a higher cost than the standard alternative, which is normally UPVC, but which are of a suitable quality and appearance for the traditional building. It also requires appropriate conservation methods and materials are used, for example when carrying out repairs to render and brickwork.</p> <p>Without the grant it is therefore likely that works would not be undertaken, and if they were, that the cheaper methods and materials would be selected, leading to a cumulative loss of historic fabric and quality of the building and of the character and appearance of the wider conservation area as a whole.</p>

	<p>A Conservation Deficit grant, up to the maximum £110,000 grant per property that has been agreed between the NLHF and council, is proposed to be offered with the property owners required to provide the necessary match funding. The grant therefore levers private match funding from the property owners, which significantly increases its benefit as an incentive and as a lever to bring about change.</p>
<p><b>Step 3 – Set out what distortive impacts the subsidy or subsidy scheme might have and explain how these are being kept as low as possible.</b></p> <p>This considers Principles B – “Proportionality”, and F – “Minimising Distortion”</p>	<p>The subsidy has the potential to result in a distortive effect, as it is being offered to individual property owners. However, the subsidy is proportionate and has been designed to minimise negative effects on competition, whilst still allowing it to meet the policy objective.</p> <p>The nature of the subsidy is bespoke, with the Lower Kirkgate THI crucially offering individual and discrete grants to property owners at target properties. 96 and 97 Kirkgate was identified as target for subsidy through a formal selection process at the outset of the THI scheme. The identification of target properties was based on criteria including location, condition, cost, building typology and potential for impact, and these criteria related to the national objectives of the Lower Kirkgate THI programme. The selection process therefore identified buildings which are appropriate for subsidy in an appropriate and proportionate way.</p> <p>The grant figure offered is directly related to the relevant costs provided for the relevant packages of work by contractors and consultants, and these have been appropriately tendered in accordance with National Lottery Heritage Fund (NLHF) and Leeds City Council requirements. Only eligible works are funded, and eligible works are clearly defined within the project plan which was agreed at the THI project outset.</p> <p>Grant for both properties is based on the Conservation Deficit grant approach as stipulated by the NLHF. This results in 96 Kirkgate receiving a 44% grant and 97 Kirkgate a 18% grant.</p> <p>These grant rates have been offered specifically to ensure delivery of important projects which will make a positive contribution to the success of the overall THI scheme. The buildings are adjacent to the recently restored First White Cloth Hall building and both properties exhibit inappropriate shopfronts. As well as direct benefits to historic fabric, its refurbishment therefore has the potential to deliver indirect benefits. The grant project can deliver a significant improvement to the character and appearance of Lower Kirkgate, and has the potential to act as a catalyst to encourage future development of adjacent properties owned by City Fusion, through the grant scheme and more widely as a legacy of the project.</p>
<p><b>Step 4 – Set out what the subsidy’s, or subsidy scheme’s, beneficial effects are (in terms of</b></p>	<p>The principal direct beneficial effect of the subsidy will be the repair and refurbishment of 96 and 97 Kirkgate. The exterior visual appearance will be improved, appropriate conservation style timber sliding sash windows and timber heritage style shopfronts installed, essential repairs undertaken and the long-term sustainability of the building secured. More broadly the subsidy will result in indirect positive effects including making a positive visual contribution to Lower Kirkgate and to the quality and historic character of the street. These</p>

<p><b>achieving the specific policy objective) and explain how and why these outweigh the negative effects, in particular any negative effects on competition and investment within the UK and international trade and investment</b></p> <p>This considers Principle G – “Balancing Exercise”</p>	<p>works will contribute towards the enhancement of the appearance of the Leeds City Centre Conservation Area. In addition, the proposal provides the opportunity to contribute to the Council’s zero carbon ambition by providing grant aid to help deliver the refurbishment and re use of the buildings, which are in deteriorating condition.</p> <p>The works will contribute more generally to the Council’s objectives to deliver the revitalisation of Lower Kirkgate as a high street, attracting the local community to use the street, better improve the setting of the heritage assets and cultural institutions within the street and delivering further investment in future development.</p> <p>The project will also lever significant private investment through the match funding required to be contributed by the property owners.</p> <p>This will contribute towards the delivery of the Government’s objectives to deliver heritage led regeneration of High Streets via the THI programme, and will contribute towards the Council’s policy objectives with the Leeds City Centre Conservation Area within the Leeds Big City Ambition to promote positive identity culture and heritage and contribute towards Zero Carbon objectives.</p> <p>As set out above, measures have been taken to minimise distortive effects and these are considered to be minimal. Without the subsidy, the buildings would likely continue to deteriorate, and it is highly unlikely that it would be refurbished in the high quality and conservation appropriate techniques which the subsidy engenders. The potential catalysing benefits would not be realised.</p> <p>The subsidy is proportional and presents a unique opportunity to complete the regeneration and revitalisation of Lower Kirkgate. The benefits as set out above, including the opportunity to achieve the specific policy objective, are considered to outweigh any negative effects.</p>
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## Part F – The Subsidy Control Energy and Environment Principles

Where a Subsidy has a public policy objective relating to energy or the environment, then it should be assessed against the Energy and Environment Principles in this Part F, as well as the main Subsidy Control Principles in Part E.

All Subsidies with a public policy objective relating to Energy and Environment should be assessed against the Energy and Environment Principles A and B below. Subsidies only need to be assessed against Energy and Environment Principles C to I where applicable.

Further detailed guidance for completing each step can be found in Chapter 4 of the Government guidance [here](#).

Subsidy Control Principle	Explanation of how the principle is satisfied (if applicable)
<p><b>E&amp;E Principle A:</b> Subsidies in relation to energy and environment shall be aimed at and incentivise the beneficiary in— (a) delivering a secure, affordable and sustainable energy system and a well-functioning and competitive energy market, or (b) increasing the level of environmental protection compared to the level that would be achieved in the absence of the subsidy.</p>	
<p><b>E&amp;E Principle B:</b> Subsidies in relation to energy and environment shall not relieve the beneficiary from liabilities arising from its responsibilities as a polluter under the law of England and Wales, Scotland or Northern Ireland.</p>	
<p><b>E&amp;E Principle C (if applicable):</b> Subsidies for electricity generation adequacy, renewable energy or cogeneration— (a) shall not undermine the ability of the United Kingdom to meet its obligations under Article 304 of the Trade and Cooperation Agreement (provisions relating to wholesale electricity and gas markets), (b) shall not unnecessarily affect the efficient use of electricity interconnectors provided for under Article 311 of the Trade and Cooperation Agreement (efficient use of electricity interconnectors), and (c) shall be determined by means of a transparent, non-discriminatory and effective competitive process.</p>	
<p><b>E&amp;E Principle D (if applicable):</b> Subsidies for electricity generation adequacy may be limited to installations not exceeding specified CO2 emission limits.</p>	
<p><b>E&amp;E Principle E (if applicable):</b></p>	

<p>Subsidies for renewable energy or cogeneration shall not affect beneficiaries' obligations or opportunities to participate in electricity markets.</p>	
<p><b>E&amp;E Principle F (if applicable):</b>  Subsidies in the form of partial exemptions from energy-related taxes and levies (not including network charges) in favour of energy-intensive users shall not exceed the total amount of the tax or levy concerned.</p>	
<p><b>E&amp;E Principle G (if applicable):</b>  Subsidies in the form of compensation for electricity-intensive users given in the event of an increase in electricity costs resulting from climate policy instruments shall be restricted to sectors at significant risk of carbon leakage due to the cost increase.</p>	
<p><b>E&amp;E Principle H (if applicable):</b>  Subsidies for the decarbonisation of emissions linked to industrial activities in the United Kingdom shall—  (a) achieve an overall reduction in greenhouse gas emissions, and  (b) reduce the emissions directly resulting from the industrial activities.</p>	
<p><b>E&amp;E Principle I (if applicable):</b>  Subsidies for improvements of the energy efficiency of industrial activities in the United Kingdom shall improve energy efficiency by reducing energy consumption, either directly or per unit of production.</p>	