

Lower Kirkgate Townscape Heritage Initiative (THI): 96 and 97 Kirkgate Grant Awards

Date: 19 January 2024

Report of: Regeneration Projects Executive

Report to: Chief Officer Asset Management & Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- 1 96 and 97 Kirkgate represents Phase 1 of City Fusion's nine Townscape Heritage Initiative (THI) grant eligible Target Property portfolio. These schemes will complement other completed restoration projects at the First White Cloth Hall building and five other shopfront properties along Kirkgate under the THI grant programme.
- 2 Both properties have been vacant for a considerable period of time and are located adjacent to the restored First White Cloth Hall building. Both schemes would restore the external building fabric to a conservation standard thereby enhancing the setting of the First White Cloth Hall and Kirkgate streetscape in general.

Recommendations

The Chief Officer Asset Management and Regeneration is asked to give authority:

- a) for the Council to enter into Grant Funding Agreements with the owners of 96 and 97 Kirkgate on the basis of offering up to £110,000 grant per property
- b) to spend the grant from Capital Programme Number 16275/GNT/000
- c) To note the risks and issues set out in Appendix 4 (Confidential)

What is this report about?

1. The purpose of this report is to seek authority from the Chief Officer Asset Management & Regeneration to issue Grant Agreements for £110,000 THI grant per property. This is to support the property owner to deliver restoration schemes to a conservation standard.

Lower Kirkgate THI Background Information

Lower Kirkgate THI Grant Programme governance

- 1.1 On 11 April 2012, Executive Board agreed to reserve £668,000 from the Capital Programme to match fund the planned National Lottery Heritage Fund (NLHF), formerly known as the Heritage Lottery Fund (HLF), investment.
- 1.2 On 16 April 2013, the NLHF awarded the Council a Stage 2 pass and permission to start its Lower Kirkgate THI scheme. Originally the THI consisted of a five year programme of capital investment in commercial properties backed by grant aid and private sector match funding. This has subsequently been formally extended up to 31 December 2024 to provide a final opportunity for City Fusion to deliver their grant schemes.
- 1.3 On 25 June 2014 Executive Board gave authority to spend £1.505m of NLHF funding to implement the Lower Kirkgate Townscape Heritage Initiative. This funding will help to draw in private investment for improvement works to this area which has suffered long term market failure.
- 1.4 The THI grant funding is composed of £668,000 Leeds City Council (LCC) at 44.38% grant and £1,505.000 NLHF at 55.62% grant. The total THI grant funding is £2,173,000.
- 1.5 One of the main aims of the THI programme is to deliver conservation led regeneration and seek to tackle social and economic disadvantage through funding the restoration of key historic buildings blighted by disrepair and dereliction and improving the public realm.
- 1.6 The NLHF has stipulated that the grants for the properties in the project should be calculated using the conservation deficit methodology. The conservation deficit is the cost of repair and conversion minus the increase in market value of the project once the works are completed. In addition to contributing to the eligible project costs the owner's contribution will also include works that are not grant eligible. The THI grant will make a contribution to the conservation deficit making it more attractive to owners/investors who contribute funds reflective of any increase in value of the property.
- 1.7 Please note that the whole THI scheme already has an authority to spend (ATS) and this report relates to internal project control purposes only.
- 1.8 For these properties the THI funding will assist with carrying out essential structural and restoration works in order to encourage the reuse of the buildings.

Lower Kirkgate THI Programme progress

- 1.9 To date five Target Property schemes, at 90, 92, 93, 94 and 95 Kirkgate have been restored and are occupied (refer to Appendix 1 Lower Kirkgate THI Projects plan and Appendix 2 THI Property pictures).

1.10 Significantly the Critical Project for the THI Programme was the sensitive restoration of the First White Cloth Hall building, involving modern intervention in its design to exploit its commercial potential, which also involved an additional grant from Historic England. The scheme acts as a visual focal point along Kirkgate.

1.11 The public realm element of the THI Programme related to using natural Yorkstone flags in the implementation of streetscape works along Kirkgate and Call Lane. The scheme also widened the footpaths, introduced trees and relocated bus stops to create a more people-centric setting and to complement the building restoration projects along Kirkgate.

City Fusion Properties

1.12 City Fusion own 83-89, 91, 96 and 97 Kirkgate. To commence a grant scheme City Fusion's strategy is to deliver 96 and 97 Kirkgate as **Phase 1 works** which are immediately adjacent to the restored properties at First White Cloth Hall and 95 Kirkgate. Their intention is to then deliver the following programme:

Phase 2 works: 86-87 Kirkgate which has been subject to fire damage in June 2023 resulting in the roof structure collapsing within the building. Note that a condition of entering into a Grant Agreement is that City Fusion enter into a signed works contract for delivering the temporary roof covering which has been complied with.

Phase 3 works: 84-85 Kirkgate are vacant properties which are in a particularly poor condition. This includes delivery of a public realm scheme at Pine Court up to the railway arch.

Phase 4 works: 83, 88-89 and 91 Kirkgate are all vacant and are in a dilapidated state.

It should be noted that Phases 2 – 4 works are subject to separate Grant Applications which are also subject to NLHF approval prior to issuing Grant Agreements.

1.13 96 Kirkgate Limited and Kirkgate Land Limited has applied for THI grant funding for 96 and 97 Kirkgate. 96 Kirkgate is registered to 96 Kirkgate Limited whilst 97 Kirkgate is registered to Kirkgate Land Limited. Neither of the properties has any existing Legal Charges registered against them. Both 96 Kirkgate Limited and Kirkgate Land Limited are subsidiary companies of City Fusion. The NLHF gave authority for LCC to issue Grant Agreements, for up to £110,000 grant per property, to 96 Kirkgate Limited and Kirkgate Lane Limited, for 96 and 97 Kirkgate on 28 September 2023.

1.14 The schemes are based on restoration of the external building fabric involving:

- Essential structural works to secure the walls and roof structure
- Re-roofing using traditional Welsh slates
- Restoring / replacing traditional timber sash windows
- Reinstating traditional timber shop fronts
- Brickwork repairs and lime pointing
- Re-rendering the front façade of 97 Kirkgate utilising traditional lime render
- Installing essential services into the building such as water, gas and electricity
- These works will be carried out to a conservation standard specification including repairs to the existing fabric and reinstatement of traditional details which will contribute to the delivery of the objectives for the Lower Kirkgate THI scheme.

- Planning permission has been obtained to carry out development for both properties. No specific end use has yet been identified by City Fusion.

to bote some of the appendices should be confidential use you have agreed to publish 0 I suggest they are still commercially sensitive there please amend report and the template for the appendices pls.

What impact will this proposal have?

- 2 Delivery of restoration schemes at 96 and 97 Kirkgate will close the gap of unrestored properties that sit in between the restored First White Cloth Hall building and 95 Kirkgate.
 - 2.1 The grant funding will provide an opportunity for the owners to bring forward restoration schemes for buildings which are in a vulnerable condition. This will further enhance the profile of Kirkgate and the character of the Leeds City Centre Conservation Area.
 - 2.2 Particularly as Kirkgate is on the edge of the city centre restoring these properties will help to integrate it with the adjacent vibrant areas associated with the Corn Exchange and Kirkgate Market. This will build upon and enhance the value of existing public sector investment in this area including highway and public realm improvements on Vicar Lane and Lower Kirkgate.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 3 The projects will support two of the Best City Ambition key pillars. It will promote sustainable and **inclusive economic growth** and tackle the **climate emergency**. It will do this by providing grant aid and development expertise to help address market failure and degradation of buildings at Kirkgate. It will contribute towards the repair and restoration of historic features, contributing towards the long-term sustainability of the building, and to the enhancement of the Leeds City Centre Conservation Area. Without this intervention it is possible that some of the built environment that helped to make Leeds a regional centre will be lost.

What consultation and engagement has taken place?

Wards affected: Little London and Woodhouse

Have ward members been consulted? Yes No

- 4 There is no legal requirement for the Council to consult publicly on the proposals contained within this report and the recommendations are action based resulting from existing approvals.
 - 4.1 Executive Member for Sustainable Development and Infrastructure was consulted on 04 December 2023 and is supportive of issuing the Grant Agreements in order to deliver restoration schemes at 96 and 97 Kirkgate as part of Phase 1 works.
 - 4.2 The Council has been engaged with City Fusion and their project team to support their Grant Applications to the NLHF for some time. Projects within the Lower Kirkgate TH1 Scheme are considered at the Council's Heritage Regeneration Board meetings and the considerations in the attached Risks and Issues Appendix 4 reflect the input of this group.

What are the resource implications?

- 5 The projects are part funded by the NLHF and partly by LCC via its agreed match funding. Finance has confirmed that the LCC match funding for these projects is reserved within the Lower Kirkgate THI Capital Programme.
- 5.1 Following receipt of Approval to enter into Grant Agreement, terms will be agreed with the applicants and Grant Agreements will be signed.
- 5.2 Funds will be provided to the applicants retrospectively, following submission of an architect's certificate and inspection by LCC officers which will confirm that work has been carried out to the agreed and appropriate standard.
- 5.3 The applications for grant funding can demonstrate value for money. The applicants have complied with NLHF's Procurement regulations in tendering for contractors and in tender analysis. Details of the tenders and relevant analysis form part of the grant application packages.

What are the key risks and how are they being managed?

- 6 The project has a number of risks linked to the condition of the heritage buildings and the availability of labour and materials at a stable price. These risks are mitigated by the grant being secured against the Council taking a first Legal Charge on each property. Works will be monitored before grant payments are made and any overspend are borne by the owners. The risks and mitigation are detailed in confidential Appendix 4. The valuation of each property is above the grant award.
- 6.1 Whilst the owners have assets they have little capital with this risk being controlled through the Grant Agreements and first Legal Charge.

7 Anything about due diligence and security?

What are the legal implications?

- 8 On 11 April 2012 Executive Board agreed to the submission of a Stage 2 bid to the NLHF for the Lower Kirkgate THI; agreed that the Council acts as accountable body for the THI; and to give authority to spend £668,000 on the THI programme.
- 8.1 On 25 June 2014 Executive Board gave authority to spend £1.505m of NLHF funding to implement the Lower Kirkgate THGI scheme.
- 8.2 The Council has legal authority to bid for and implement the provisions of the Lower Kirkgate THI scheme under its well-being powers within Section 1 of the Localism Act 2011 which allows local authorities to "do that individuals generally may do", unless explicitly prohibited elsewhere in law.
- 8.3 A specific assessment has been undertaken and the grant applications have been confirmed to accord with the Subsidy Control Principles. More details are provided at Appendix 5.
- 8.4 It is proposed that the Council will enter into Grant Agreements with the property owners as per the proposals outlined in this report.
- 8.5 The information contained in confidential Appendices 3 and 4 is intended to be designated as being exempt from publication and considered in private as it relates to the financial and business affairs of the Applicants including the Council holding that information. It is considered that the release of such information would, or would be likely to prejudice, the Applicants commercial

interests in relation to the property restoration schemes. It is therefore considered that this element of the report should be treated as being exempt from publication under the provisions of paragraph 10.4(3) of the Council's Access to Information Procedure Rules."

Options, timescales and measuring success

What other options were considered?

9 96 and 97 Kirkgate are designated as part of the Target Properties to be delivered under the Lower Kirkgate THI scheme as agreed with the NLHF.

How will success be measured?

10 The Lower Kirkgate THI contract between the Council and NLHF includes performance indicators which act as a benchmark when measuring success of the programme. Delivery of 96 and 97 Kirkgate contributes to the Target Property element of the programme objectives. At the closedown of the programme an independent consultant is to be appointed by the Council to review and assess the performance of the Lower Kirkgate THI scheme.

What is the timetable and who will be responsible for implementation?

11 Should the Chief Officer, Asset Management and Regeneration agree to the recommendations to enter contract, terms will be agreed with the Grant Applicant and formal signing of the Grant Agreement will be undertaken.

11.1 Following entering into a Grant Agreement with the owners of 96 and 97 Kirkgate the project is scheduled to commence in February 2024 and is programmed to complete in October 2024.

11.2 The Grantees are responsible for implementation of the projects.

Appendices

- Appendix 1: Lower Kirkgate THI Projects Plan
- Appendix 2: THI Property pictures (Slide10: 96 and 97 Kirkgate) – available on request
- Appendix 3: Project costs, property valuations and grant calculations (Confidential)
- Appendix 4: Project risks and issues (Confidential)
- Appendix 5: Subsidy Control report

