

Morley Heritage Investment Fund – Approval to enter into grant agreement (33 Queen Street)

Date: 6th January 2025

Report of: Executive Manager (Regeneration)

Report to: Chief Officer Asset Management and Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report seeks approval to enter into a Grant Funding Agreement for the defrayal of funds to support the heritage restoration of 33 Queen Street, Morley subject to the Principal Terms in Confidential Appendix 1.

This funding will support works consisting of the reinstatement of a traditional shopfront and door with structural repairs to rotten ground floor joists and installation of damp-proof system to basement. The reinstatement of architectural features including console brackets and pilasters will also be supported.

Construction must start 3 months from the date of the grant agreement and is programmed for 10 weeks.

The grant will be funded by the £1.7m Heritage Investment Fund, part of the wider £24.3m Morley Town Deal programme. 80% of eligible works will be provided through grant monies, with the remaining costs match funded by the property owner. A breakdown of costs is provided in Appendix 1.

Recommendations

Chief Officer Asset Management and Regeneration is asked to:

- a) Give authority for the Council to enter into a Grant Funding Agreement with the owner of 33 Queen Street on the basis outlined in the Principal Terms at Appendix 1 of this report.
- b) Give authority to spend the grant from Capital Programme Number 33393/MHI/000 for the sum detailed in Appendix 1.
- c) Note that Heritage Regeneration Board, chaired by the Chief Planning Officer, has considered the grant application and provided recommendation to approve entering into a grant funding agreement on 1st August 2024.

What is this report about?

- 1 Morley's impressive heritage has much to offer for the future success of the town as part of the government's levelling-up agenda and Covid 19 recovery. Morley is rich in heritage assets, many of which are recognised as nationally important by their listed status and locally through their conservation area designations. However, these assets are currently underperforming and in some cases are in need of urgent attention to address poor condition, underuse, inappropriate change and loss of historic detail that reduce the vitality of the town. The Heritage Investment Fund (HIF) subsidy scheme aims to address these concerns.

What impact will this proposal have?

- 2 Properties in the Morley Conservation Area have in the past been subject to a lack of investment and poor management and maintenance. Where works have been carried out, they have not been to appropriate conservation standard, and necessary maintenance has not been carried out, leading to buildings suffering from damage and degradation. This is evidenced in the Morley Conservation Area Appraisal and Management Plan, which states that 'Morley has a number of significant historic buildings that are currently at risk due to their derelict, vacant, underused or poor state of repair'. Subsidy will therefore provide the crucial opportunity to unlock the direct investment needed to deliver appropriate and high-quality conservation standard refurbishments.
- 3 The conservation deficit means the conservation standard improvements required are beyond 'business as usual' costs, as the high standards for works to heritage buildings result in costs which rise above likely post completion value increases, providing little incentive for investment by the property owner. Therefore, without subsidy it is likely that works would not be undertaken and, if they were, that 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. The negative externality of the poor and deteriorating condition of properties, and the number of vacant units on the high street, impacts the Conservation Area as a whole, resulting in lower economic output due to unused floorspace and reducing the visual amenity of the protected area, potentially disadvantaging the town through reduced footfall and investment.
- 4 This grant provides the opportunity to incentivise the property owner to deliver work they might not otherwise have undertaken due to viability gaps that have been compounded by inflation, and to ensure the works are carried out to high conservation standards, as set out in the grant agreement; often above those which might otherwise be achieved.
- 5 Without grant intervention much of this work would either not be carried out to the correct conservation standard, as evidenced by the current proliferation of inappropriate and unauthorised works in the Conservation Area, or would not be carried out at all due to the increased costs for high-standard works and the resultant conservation deficit. The intervention will therefore benefit the geographic area through improved visual amenity and by protecting the heritage character of the town.
- 6 The output targets for the Heritage Investment Fund, agreed with the Department for Levelling Up, Housing and Communities, include:
 - a) Bringing vacant floorspace back into use.
 - b) Numbers of heritage buildings restored.
 - c) Numbers of enterprises receiving grants.

This specific scheme will renovate a heritage building through the delivery of grant to a business owner and will release:

- 22sqm of new commercial floorspace; and
- leverage 20% of the costs of the overall works as match funding from the private sector towards the Morley Town Deal.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 7 This proposal will both address net zero carbon commitments, through the safeguarding of historic existing buildings and retaining the embodied carbon contained within them, and will address inclusive growth by maximising the potential of the Morley town centre and the local high street to grow the economy through improved visual amenity, increased dwell time and the protection of jobs.

What consultation and engagement has taken place?

Wards affected: Morley South

Have ward members been consulted? Yes No

- 8 Morley Town Deal Board, and the associated Town Centre, Placemaking and Culture Working Group, have been updated on these proposals and progress and are supportive. The Board and Group is constituted with ward members, Morley Town councillors, community representatives, private sector representatives, the Deputy Leader of Council and Executive Member for Economy, Transport and Sustainable Development and the MP for Leeds South West and Morley.
- 9 Morley Programme Board, chaired by the Director of City Development, and attended by representatives from Legal and Finance, has also been updated on the progress of the Fund.
- 10 Heritage Regeneration Board, chaired by Chief Planning Officer, has been consulted specifically on this grant application and provided recommendation to approve entering into a grant funding agreement on 1st August 2024.

What are the resource implications?

- 11 The grant is fully funded through the Morley Town Deal. In March 2021 £24.3m was allocated from the Government's Town Deal Fund to deliver the Morley Town Investment Plan. The Heritage Investment Fund has been allocated £1.7m out of the Morley Town Deal programme.
- 12 The grant funds 80% of eligible works for this project, with the remaining costs match-funded by the property owner. A detailed breakdown of these costs is provided in Confidential Appendix 1.
- 13 Following receipt of Approval to enter into Grant Agreement, terms will be agreed with the applicant in accordance with the Principal Terms at as set out in Appendix 1 of this report and a Grant Agreement will be signed.
- 14 Funds will be provided to the applicant retrospectively, following submission of an architect's certificate or inspection by LCC officers which will confirm that work has been carried out to the agreed and appropriate standard.
- 15 The application for grant funding can demonstrate value for money. The applicant has complied with Council procurement regulations in tendering for contractors and in tender analysis. Details of the tenders and relevant analysis form part of the grant application package.

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

16 Risks are summarised at Confidential Appendix 1.

What are the legal implications?

- 17 A Subsidy Scheme assessment for the Heritage Investment Fund has been conducted and published on 19th December 2023 on the Government's subsidy transparency database (SC11008). This grant forms a Subsidy Award based on the criteria set out in the Subsidy Scheme and, as the value of the grant falls below £100,000, is not required to be published separately.
- 18 It is proposed that the Council will enter into a Grant Agreement with the property owner as per the proposals outlined in this report and subject to the Principal Terms as outlined at Appendix 1. Appendix 1 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any person (including the authority holding that information).

Options, timescales and measuring success

What other options were considered?

- 19 Options that could be pursued other than a subsidy scheme could be to acquire the properties through a direct purchase or through a Compulsory Purchase Order (CPO). These methods would however be more expensive as they would involve the whole cost of a property, rather than the relatively low cost of a grant to improve individual elements of a property. This would diminish the overall impact of the scheme as the amount of properties that could be included within the scheme would be severely reduced. Acquisition would also have a higher distortive impact as the local authority would take over ownership of properties from the private market and after refurbishment would likely then either become a landlord to a business or enter negotiations to sell properties back to the private market. The scheme is also bound by the timescales of the Morley Town Deal, with all projects required to complete by March 2026. The CPO process is notably long due to the various stages required to satisfy very specific legal procedures, which would present a high risk to being able to spend the scheme funds by the end date.
- 20 Loans could be offered to property owners, rather than grants, but these would be unlikely to incentivise property owners. If a conservation deficit and resultant market failure did not exist there would be greater examples within the Morley Conservation Area of shop owners securing loans for shopfront improvements if they were affordable to them. There may also be mortgages on a number of these properties which would further disincentivise owners to pursue another loan, compounded in the past years through increased supply chain and operational costs for businesses. These considerations, in conjunction with the types of works this scheme addresses not being likely to generate a significant uplift in value to the target properties, would result in a significantly lower uptake of the scheme, compared to one-off capital grants. Additionally, the timescale of the Morley Town Fund, as described above, would result in a reduced loan payback period to March 2026, which could result in unaffordable repayments, and the funding arrangements of the Town Fund, to spend all central government grant by the set date, further rules out a loan funding structure.
- 21 Extensive options testing took place during the Business Case process for the scheme in 2020/21 and a long list was refined to the four short list options below:
- 1. First come first served:
 - Strengths: Equitable and maximises opportunity

- Weaknesses: Disparate and does not provide required uplift to high street
- 2. Single area targeted:
 - Strengths: Big impact on one area of the high street
 - Weaknesses: May not get buy in and limits opportunities in the future
- 3. Hybrid Approach:
 - Strengths: Provides meaningful uplift whilst giving the flexibility needed.
 - Weaknesses: May be more difficult to communicate
- 4. Priority 1,2,3,4:
 - Strengths: Greater control
 - Weaknesses: Inflexible, difficult to administer, requires strong engagement from businesses

22 The overall assessment of these four sub-options concluded that Option 3 was the best variant with the greatest strengths and the fewest weaknesses.

How will success be measured?

23 A Monitoring and Evaluation Plan for the Morley Town Deal has been implemented and provides both programme wide and project specific outputs and outcomes that are reported to the Ministry of Housing, Communities and Local Government. For the Heritage Investment Fund these targets include releasing commercial floorspace and the implementation of traditional shopfront designs that are sympathetic to the Conservation Area. A return is submitted quarterly assessing progress against these agreed targets.

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

24 Liam Riley, Regeneration Officer, will be responsible for monitoring the grant funding agreement.

25 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 imminently.

26 Construction must start 3 months from the date of the grant agreement and is programmed for 10 weeks.

Appendices

- Appendix 1: Grant Offer and Principal Terms of Proposed Agreement (Confidential)
- Appendix 2: Property Plan and Drawings of Proposed Works
- Appendix 3: Heritage Investment Fund EDCI Screening

Background papers

- N/A