

Exempt Information: NOT FOR PUBLICATION – Appendix 2 ONLY

(1) The content of this report qualifies as exempt information under Section 100(A)(4) and paragraph 3 of Part I of Schedule 12A of the Local Government Act (1972) as it is information relating to the financial or business affairs of any particular person (including the authority that hold that information), and

(2) After applying the public interest test, it is clear that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because disclosure would adversely affect the authority's ability to manage its commercial, financial, and business affairs and accordingly Appendix 2 of this report should remain exempt.



URN: 22-056

Subject: Town Deal Intervention 5: Restoration and Sustainable Repurposing of Three Vacant Historic Buildings

Report to: Policy and Resources Committee – 17 May 2022

Report by: Tracey Read, Project Manager

SUBJECT MATTER

At the Town Deal Board on the 16 March 2022, nine Investment Priorities were agreed for submission to Government constituting a Town Investment Plan totalling £20.1 million including Intervention 5: Restoration and sustainable repurposing of three vacant historic buildings.

This report sets out the proposal to grant fund the Great Yarmouth Preservation Trust (GYPT), as the Council's delivery partner of Intervention 5, to undertake the redevelopment of the three historic buildings as part of the Town Deal programme; namely: (i) St. John's Church (ii) the North West Tower and (iii) 160 King Street.

RECOMMENDATION

That Policy and Resources Committee:

1. **Recommend to Council** the release of £626,000 Town Deal funding subject to compliance with funding conditions and the parameters set out in this report.
2. Resolve (subject to Council's agreement to the release of funds) to grant the Great Yarmouth Preservation Trust £626,000 to re-purpose St. John's Church, the North West Tower and 160 King Street into visitor accommodation as set out in the report and deliver the outcomes contained in the Strategic Business Case, subject to Government confirming their acceptance of the Full Business Case Summary Documents submitted for inspection on 24 March 2022.
3. Delegate authority to the Strategic Director to agree and sign the grant agreement on behalf of the Council with Great Yarmouth Preservation Trust.

1. INTRODUCTION

- 1.1. In September 2019, the Government announced the initial 101 places invited to develop Town Deal proposals as part of the £3.6 billion Towns Fund. A stakeholder-led Town Investment Plan was submitted to the Ministry of Housing, Communities & Local Government (MHCLG) on 11 December 2020, outlining a total 'ask' of £24,780,390 to co-fund ten interventions as Immediate Investment Priorities.
- 1.2. On 3 March 2021, MHCLG informed the Chair of the Town Board and the Council that MHCLG was offering Great Yarmouth Heads of Terms (HoT) for a Town Deal of up to £20.1 million. The HoT were not contractually binding, and the offer was subject to various conditions being met including the provision of regular reporting or monitoring and evaluation.
- 1.3. The final agreed list of nine interventions submitted as a suite of Strategic Business Cases was submitted to Government on 24 March 2022. These interventions or schemes are listed in Table 1 below:

Table 1. List of Town Deal Board agreed interventions

Intervention	Project Value	Town Deal ask:
1. New operations and maintenance (O&M) campus and incubator on the Great Yarmouth Enterprise Zone and Energy Park	£20,016,019	£3,950,000
2. Land assembly for the strategic regeneration of North Quay as a vibrant new mixed-use waterfront quarter	£7,600,000	£2,600,000
3. New Great Yarmouth University Learning Centre (GYULC) providing an enhanced route to economic activity and growth	£10,465,543	£7,463,947
4. Restoration and commercial repurposing of the iconic Winter Gardens as a year-round seafront attraction	£16,052,151	£4,075,000
5. Restoration and sustainable repurposing of vacant historic buildings	£1,401,900	£626,000
6. Restoration and adaptation of the historic Ice House as a National Centre for Arts and Circus	£1,440,000	£450,000
8. Public wayfinding and sustainable connectivity	£1,100,000	£594,953
9. Physical enhancements to the rail station gateway as a key point of entry for residents, visitors and commuters	£202,180	£150,000
10. Smart Deployment of Enhanced Digital and Connectivity Infrastructure	£205,130	£190,100

Please note: Intervention 7: *Green mobility: enhancement of Seafront to Town Centre connectivity* was agreed to be removed from the final suite of interventions and is no longer listed above.

- 1.4. There were a number of key milestones listed in the HoT:
 - In order to proceed, the Town Board needed to sign the Head of Terms by 24 March 2021 – this was completed.

- By 24 May 2021, at the latest, the Town Board needed to submit a draft Monitoring and Evaluation Plan addressing key conditions and providing updated intervention capital/revenue splits – this was completed.
 - By 24 March 2022, at the latest, Phase 2 (the detailed business cases for the proposed nine interventions) needed be complete and a formal Summary Document submitted to Government – this was completed.
- 1.5. With the overall Town Investment Plan having completed these milestones, members are asked to review and agree the mechanism by which the Council works with the not-for-profit charity the Great Yarmouth Preservation Trust (GYPT) as its delivery partner. GYPT proposes to invest in and repurpose the buildings to create bespoke holiday accommodation.

2. BACKGROUND

- 2.1. Great Yarmouth is one of the most important historic towns on the east coast, it has a remarkable and rich heritage and a significant collection of listed buildings. This heritage contributes to the town's identity and supports key culture and tourism sectors. However, within the town, there are a number of landmark listed buildings which are vacant and in need of restoration and reuse.
- 2.2. There exists an opportunity to bring these buildings back into use as holiday accommodation and venues serving recreational and leisure uses. This would establish a viable and sustainable end use, bring vacant floorspace back into circulation, create employment, reinforce the town's special heritage character and support culture and tourism sectors. Three historic buildings will be restored as part of the Town Deal programme: (i) St Johns Church; (ii) The North West Tower; and (iii) 160 King Street.
- 2.3. The restoration and repurposing of three vacant historic buildings in Great Yarmouth will contribute to creating a sense of place in the town by restoring Great Yarmouth's unique heritage character. Building and capitalising on this character will support the growth of Great Yarmouth's cultural and tourism industries.
- 2.4. All three buildings are on Heritage England's 'At Risk' Register with there being a significant funding gap between the cost of repair and an end-use venue for each building.
- 2.5. Great Yarmouth Preservation Trust own all three buildings.
- 2.6. Project Objectives:
- Restore three vacant historic buildings that are on Heritage England's At Risk Register.
 - Bring three buildings back into use as viable, sustainable venues which generate enough annual profit to cover the costs of future repairs and maintenance costs.
 - Use the renovation of the three buildings to train local people in traditional buildings and restoration techniques.

3. PROJECT OUTCOMES AND OUTPUTS

Outputs	Outcomes
<ul style="list-style-type: none"> Number of buildings removed from the 'At Risk' Register: 3 Number of listed buildings brought back into economic use: 2 Number of Scheduled Ancient Monuments brought back into use: 1 Number of holiday lets created: 12 	<ul style="list-style-type: none"> The 12 holiday lets operating at 60% capacity will generate 5,256 overnight stays and 14,000 additional visits to arts, cultural and heritage venues. Number of training days during construction/restoration phase: 550 Number of volunteering hours during construction/restoration phase: 4,200 Number of volunteers: 250 Number of trainees attending traditional skills/conservation workshops: 70 Number of full-time jobs created in conservation: 2 Number of jobs safeguarded in conservation: 4 Increased resilience and sustainability of local conservation organisations: Great Yarmouth Preservation Trust and Norfolk Conservation Ltd Number of heritage assets allowing increased access: 3 Increased knowledge of heritage through engagement activities: 50 people

4. KEY DELIVERY MILESTONES

4.1. Key delivery milestones for each building are shown in the table below:

Quarter	Milestones by Building		
	St Johns' Church	The North West Tower	160 King Street
2017 Q4	<ul style="list-style-type: none"> Complete feasibility study 		
2018 Q2	<ul style="list-style-type: none"> Complete cost plan 		
2019 Q1		<ul style="list-style-type: none"> Complete feasibility study 	
2020 Q1			<ul style="list-style-type: none"> Project development
2020 Q3			<ul style="list-style-type: none"> Construction phase
2021 Q2		<ul style="list-style-type: none"> Complete cost plan Procure architectural services Design construction programme Apply for planning permission 	
2021 Q3			<ul style="list-style-type: none"> Restoration completion

Quarter	Milestones by Building		
	St Johns' Church	The North West Tower	160 King Street
2022 Q1		<ul style="list-style-type: none"> Develop architectural and engineering technical design Prepare and collate building systems information Submit building regulations application 	<ul style="list-style-type: none"> Commercial/ restaurant fit out
2022 Q2	<ul style="list-style-type: none"> Procure architectural services Design construction programme Apply for planning permission 	<ul style="list-style-type: none"> Tender and appoint contractor Begin construction phase 	<ul style="list-style-type: none"> Project completion
2022 Q3	<ul style="list-style-type: none"> Develop architectural and engineering technical design Prepare and collate building systems information Submit building regulations application 	<ul style="list-style-type: none"> Commission and handover building 	
2022 Q4	<ul style="list-style-type: none"> Tender and appoint contractor Begin construction phase 		
2024 Q1	<ul style="list-style-type: none"> Commission and handover building 		

5. PROGRESS AGAINST MILESTONES

- 5.1. **St. John's Church** - is not under development presently. GYPT proposes to prepare a planning submission during Q2 2022 and allow 6-8 months to procure a contractor. End use of the St. John's Church is as an indoor camping venue (known as Champing) and a strategy for holiday letting is being produced.
- 5.2. **The North West Tower** - Architects have been contracted (Kings & Dunn), by GYPT and planning permission is in place alongside ancient monument consent. GYPT has prepared tenders for contractors in anticipation of this grant award with completion estimated to be by the end of February 2023. Once renovated the proposal is to use the North West Tower as short stay holiday accommodation.
- 5.3. **160 King Street** – The majority for this renovation is complete although it awaits a practical completion certificate from the architects. The final element of the renovation is a kitchen fit-out for a proposed ground floor restaurant. This will commence May 2022 with full completion May/June 2022.
- 5.4. A summary of the business case for these projects is given in the confidential Appendix 2 for Members' information.

6. MONITORING & EVALUATION SCHEDULE:

- 6.1. It will be our responsibility as the local authority to formally report to DLUHC bi-annually on inputs and activities, outputs and expenditure and/or as required by the funders. To that end NP Law has prepared a Grant Funding Agreement between the Council and the Great Yarmouth Preservation Trust, which sets out the terms of the funding including funders' requirements and delivery of outputs and outcomes aligned to the Town Deal Strategic Business Case.
- 6.2. The initial M&E reporting schedule outlined by DLUHC is below:

M&E required	Deadline	Payment
<ul style="list-style-type: none"> M&E plan per project including theme specific deliverables 	July 2022	For September payment
	October 2022	For December payment
	January 2023	For March 2023 payment
<ul style="list-style-type: none"> Business case and Project Summary Document Final M&E plan per project 	24 March 2022	Payment as per quarters above

- 6.3. Great Yarmouth Preservation Trust will be required to submit monthly highlight reports including updated financial tables/expenditure, risks and programme, as well as Committee reports, the Officer Working Group and the Town Deal Board as requested.

7. FINANCIAL AND LEGAL IMPLICATIONS

- 7.1. Financing:

Type	Source	Total Amount	Purpose
Public	TOWNS DEAL	£ 626,000	Development Costs
Private	Great Yarmouth Preservation Trust	£ 230,000	Development Costs
Public	National Heritage Lottery Fund	£ 55,000	Development Costs
Public	Architectural Fund	£ 450,000	Development Costs
Public	Historic England (HAZ)	£ 20,000	Development Costs
Public	GYBC	£ 20,000	Development Costs
Private	GYPT - Asset Value	£ 267,417	Site Value Input
	TOTAL PROJECT COST	£ 1,668,417	

- 7.2. The costs included within the Financial Model have been collated from sources which include the advice of the appointed professional team based on benchmark project data together with Cost Plans which have been prepared by Cost Consultants based on the RIBA Stage 1-4 reports. Towns Deal funding is required, together with those other identified funding sources to facilitate the delivery of the refurbishment / delivery phase of the 3 properties that comprise the project.
- 7.3. GYBC have sought State Subsidy control and legal advice from nplaw who have stated the following: *"Current subsidy control law has been considered and the Borough Council has been*

advised that the proposed funding amounts to a permitted subsidy within the meaning of applicable competition law.”

- 7.4 The recommendation within this report is to grant £626,000 to GYPT from the Town Deal funding allocation, and as such consideration needs to be given in terms of subsidy control, and as such legal advice has been obtained from NP Law. The Borough Council has been advised that the proposed funding amounts to a permitted subsidy subject to:
- a review of the proposed project against the Subsidy Control Principles, as set out at Appendix 1.
 - transparency in respect of the project through publication of details of the funding on the UK’s official website at <https://searchforuksubsidies.beis.gov.uk/>.
 - requirements that any profits arising from the conversion of these buildings shall be applied solely in accordance with the Trust's charitable objectives, funding conditions will include controls on operating profits and that the Trust shall charge market rates on any residential/holiday lettings created as part of this grant award.
- 7.5 Members are asked to note that if this grant award is approved, there will be a legal funder’s agreement in place to enable this funding to be passported to Great Yarmouth Preservation Trust (GYPT). The agreement ensures that the outcomes and spend on each scheme in Intervention 5 of the Town Deal fund award are met. This will be the responsibility of the grant recipient GYPT.
- 7.6 NP Law has been commissioned by the council to prepare the grant funding agreement for passporting of Town Deal funds to external delivery partners such as GYPT.
- 7.7 Members are asked to note that if this grant award is approved, that there will be a legal agreement to enable this funding to be passported to GYPT to ensure that the outcomes for this element of Intervention 5 within the Town Deal fund award are met. This will become the responsibility of GYPT.
- 7.8 All three buildings are in the ownership of GYPT. The works (professional / contractor) will be procured through competitive tender following GYPT’s procurement policy and strategy:
- Professional team and contractor already procured and in place for 160 King Street.
 - Professional team procured for North West Tower, four contractors have been approached to gauge capacity to deliver within the programme. Tenders for contractors being produced.
 - St John’s Church repair conservation work will be delivered directly by GYPT using a model developed on previous project where trainees and volunteers carry out the majority of works as a training/upskilling scheme. On previous GYPT projects training places have been in demand and the schemes were oversubscribed. GYPT work with local community organisations, colleges and job centre to secure places on the scheme.

8 RISK IMPLICATIONS

- 8.1 Any project adjustment may affect the scale/costs/scope and, therefore, impact of individual interventions and the overall Town Deal programme or require alternative funding to be identified and secured.
- 8.2 Any project adjustment may affect the scale/costs/scope and, therefore, impact of individual interventions and the overall Town Deal programme or require alternative funding to be identified and secured. Not adhering to the Town Deal Heads of Terms and reporting schedule could be reputationally damaging to GYBC and put at risk of the funding being withdrawn.
- 8.3 NP Law is charged with the preparation of the grant funding agreement for passporting of funds to GYPT as the council's delivery partner. The agreement will include the conditions attached to grant drawdown linked to the delivery of outputs and outcomes and the initial cost spend profile for the renovation of the buildings as set-out in GYPT's business case which is provided confidentially in Appendix 2. Such grant conditions will safeguard for the council as funder should the recipient not deliver the totality of the project including a charge on the building or clawback as required.
- 8.4 A comprehensive 'live' project Risk Register, which identifies specific project risks and the approach that will be used to mitigate each, is being maintained by the project team and will be reviewed monthly by the Delivery Team and updated with input from the Project Board when necessary.

9 CONCLUSION

- 9.1 Great Yarmouth has met the Heads of Terms for a Town Deal of up to £20.1 million to deliver the nine of the original ten Immediate Investment Priorities set out in the Town Investment Plan, including Intervention 5: Restoration and sustainable repurposing of vacant historic buildings.
- 9.2 NP Law has been consulted and advice received in relation to subsidy control and passporting of funds.
- 9.3 Progress is being made against key delivery milestones with the remainder of works now being dependent on the agreement to this Town Deal investment.

10 BACKGROUND PAPERS

Area for consideration	Comment
Monitoring Officer Consultation:	As part of the ELT process
Section 151 Officer Consultation:	As part of the ELT process
Existing Council Policies:	Great Yarmouth Town Investment Plan (2020) Great Yarmouth's Economic Growth Strategy (2020-2025) Great Yarmouth's Culture, Heritage and Tourism Strategy (2020-2025)
Financial Implications (including VAT and tax):	As outlined in the report

Legal Implications (including human rights):	As outlined in the report
Risk Implications:	As outlined in report
Equality Issues/EQIA assessment:	Yes on file.
Crime & Disorder:	None
Every Child Matters:	None
Details contained in strategy:	None

Appendix 1

Subsidy Control Assessment - Restoration & Repurposing of Three Vacant Historic Buildings

Proposal: To grant Great Yarmouth Preservation Trust £626,000 from the Council's Town Deal as the Council's delivery partner to undertake the redevelopment of the three historic buildings as part of the Town Deal programme; namely: (i) St. John's Church (ii) the North West Tower and (iii) 160 King Street into short term holiday accommodation.

The proposed funding for Intervention 5 has been considered against the Subsidy Control Principles as set out below:

Principle	Requirement	GYBC Assessment
Principle A (common interest)	Subsidies should pursue a specific policy objective that address a market failure or equity rationale; for example, social difficulties or distributional concerns.	Central to Great Yarmouth's Economic Growth Strategy is the aim to strengthen the town's tourism and culture offer by providing greater year-round attractions that improve visitor experience. The re-purposing of St. John's Church, the North West Tower and 160 King Street into holiday accommodation strongly aligns with several key priorities within New Anglia's Culture Drives Growth Strategy
Principle B (proportionality)	Subsidies should be both proportionate and limited to what is necessary to achieve the policy objective.	An assessment of the economic case for the proposal has provided an appraisal of its value for money to the public sector. This has been developed having regard to the HM Treasury Green Book, DLUHC (formerly MHCLG), BEIS and DCMS guidance.
Principle C (incentives and behaviour change)	Subsidies should lead to a change in the economic behaviour	Historic buildings and monuments should be protected in the long term and be used to develop cultural, creative and heritage assets

	<p>of the recipient and must help to address the public policy objective being pursued.</p>	<p>that attract tourists. Repairing and repurposing the St. John's Church, the North West Tower and 160 King Street meets this recovery priority and is complimentary to Historic England's Annual Report 2019-2020.</p> <p>The proposed completed scheme will make use of three otherwise redundant historic buildings. The project will repair the buildings and repurpose them as short-term holiday lets.</p> <p>This one of nine interventions across Great Yarmouth, Towns Fund funding to be used to address the key socio-economic challenges within the area.</p> <p>This is an opportunity to bring a historic building back into use.</p> <p>This would establish a viable and sustainable end use, bring vacant floorspace back into circulation, create employment, reinforce the town's special heritage character and support culture and tourism sectors.</p>
Principle D (additionality)	<p>The subsidy should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.</p>	<p>The funding beneficiary is Great Yarmouth Preservation Trust (GYPT).</p> <p>GYPT's charitable object is <i>"To preserve for the benefit of the inhabitants of the Borough of Great Yarmouth and of the nation, whatever of the historical, architectural and constructional heritage may exist in and around the Borough of Great Yarmouth in the form of (a) buildings of particular beauty, historical architectural, or constructional interest: (b) land of particular beauty or historical interest or (c) fixed machinery of historical interest."</i></p> <p>GYPT was created to acquire heritage assets at risk, fully restore them back to viable economic use, and then ring-fence any income generated for their long-term management and maintenance.</p> <p>Accordingly, the proposed funding should enable an enhancement of its essential activity and behaviour.</p>

Principle E (alternatives)	The subsidy is an appropriate policy instrument to achieve a public policy objective and that objective cannot be achieved through other less distortive means.	The interventions will realise significant economic and social benefits including accelerated job growth and a strengthening of the town's tourism and culture offer. However, distortion to competition and investment are not anticipated.
Principle F (minimal market impact)	Subsidies should minimise the impact on competition and investment within the UK's internal market.	<p>Localised and the specific training aspects of the initiative mean that funding and proposals will have minimal impact on competition and investment within the UK's internal market.</p> <p>Local businesses and stakeholders all had the opportunity to input into the Town Investment Plan by identifying the key issues and challenges facing the town and how these could be addressed through investment projects to have an overall positive impact on Great Yarmouth.</p>
Principle G (net positive effect)	Where relevant, record consideration against Article 3.5 [Prohibited subsidies and subsidies subject to conditions], including consideration of whether that subsidy has or could have a material effect on trade or investment between the Parties.	<p>The beneficiary is not an ailing or insolvent business.</p> <p>An unlimited guarantee is not being provided.</p> <p>The beneficiary is not a bank, credit institutions or insurance company.</p>