

Name of meeting: Cabinet

Date: 17th January 2017

Title of report: Pioneer House and land at Bradford Road, Dewsbury

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes
Is it in the Council's Forward Plan?	Yes – 12 th December 2016
Is it eligible for "call in" by Scrutiny?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 09.01.17
Is it signed off by the Assistant Director - Financial Management, Risk, IT & Performance?	Debbie Hogg - 06.01.17
Is it signed off by the Assistant Director - Legal, Governance & Monitoring?	Julie Muscroft - 06.01.17
Cabinet member portfolio	Councillor P McBride – Place (Economy, Skills, Transportation and Planning)

Electoral wards affected: Dewsbury East, Dewsbury West and Dewsbury South

Ward councillors consulted:

Dewsbury East – Cllr's Scott, Firth and Kane; Dewsbury West – Cllr's O'Donovan, Pervaiz and Hussain and Dewsbury South – Cllr's Asif, Dad and Ahmed.

Public or private:

Public with private appendix

It is recommended that appendix two be taken in Private because the information contained in it is considered to be exempt information under Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that it would not be in the public interest to disclose the information contained in the report as disclosure could potentially adversely affect overall value for money and could compromise the commercial confidentiality of the bidding organisations and may disclose the contractual terms, which is considered to outweigh the public interest in disclosing information including, greater accountability, transparency in spending public money and openness in Council decision-making.

1. Purpose of report

This report seeks:-

- 1.1 Approval to the release of £2.9m from the Capital Plan to support the implementation of the landlord's programme of works for Pioneer House as set out below in 3.2.
- 1.2 Approval to the grant of an occupational lease for Pioneer House to Kirklees College as outlined in this report and detailed in appendix two.
- 1.3 Agreement to underwrite the Heritage Lottery Fund (HLF) until the grant by them to part fund the landlord's programme of works is approved and to advise upon the risks and seek authority to proceed at risk before the negotiations have been concluded with regard to the grant.
- 1.4 Agreement for the Council to underwrite 50% of the risk of repayment of the loan from West Yorkshire Combined Authority (net £4m). It is intended that this will be funded through the use of Capital receipts as set out below in 3.2.

2. Key points

The Council acquired Pioneer House (grade 2 listed) on 19 July 2011 following a Compulsory Purchase Order. The first priority for the Council was to protect the building from further deterioration by making it wind and water tight. This package of work cost £2.5m and was completed in September 2013.

Cabinet on 08th March 2016 endorsed the Council's commitment to work with Kirklees College with a view to bringing Pioneer House back in to use as a new education facility. Cabinet on 15th November 2016 approved the disposal of land at Bradford Road, Dewsbury to Kirklees College to facilitate an early commencement of the Dewsbury Learning Village (now known as the Dewsbury Learning Quarter (DLQ). DLQ is part of a two stage relocation of the College from its existing Dewsbury campus on Halifax Road. DLQ Project is expected to generate an estimated £82.4M Net Value Added contribution to Dewsbury Town Centre over a 10 year period.

2.1 Pioneer House

Landlord's works programme

To facilitate the occupation of Pioneer House by the College, the Council will undertake a programme of landlord's works and heritage works which provide a platform for the College fit-out. The landlord's schedule of works is detailed in appendix one. In summary, the Council programme is to ensure the stabilisation of the building, complete roof repairs, undertake structural work, and install drainage and incoming services, as outlined in appendix one. The package will seek to enhance and preserve the historic features wherever possible, in line with heritage approvals.

The building is classed as the 'critical project' of the Dewsbury Townscape Heritage Initiative, the HLF regeneration programme, of which the Council is joint partner. The HLF is contributing an £848k grant towards the landlord's

works and heritage works, this is matched by £848k funding from the Council. An overview of the grant is outlined in appendix one.

All necessary consents are in place for the landlord's works and no further planning approvals are required prior to commencement of the landlord's works. Following Cabinet Approval, a full grant application shall be submitted to the HLF, for which their approval is required to release their element of the funding envelope.

2.2 Kirklees College works programme

The College will undertake a fit-out programme of works following completion of the Council's landlord's works. The fit-out will form new classrooms, offices, and art and design workshops. The primary entrance will be at ground level from Halifax Road. It is anticipated the fit-out works will commence in autumn 2017 and be completed in 2018.

2.3 Asset disposal and occupation

The College in developing Pioneer House as a new education base will have to adhere to the following obligations:-

1. The College will be required to enter into an Agreement for Lease as soon as possible following the Cabinet approval and at the same time (or before) the Council enter into the contract with the preferred contractor for the landlord works referred to above. This Agreement will place the College under an obligation to take the lease of Pioneer House on completion of the Landlord's works as well as obligate them to carry out the fit out works.
2. The College will prepare a schedule of fit out works and submit it for approval of the Council (acting reasonably) prior to the submission of applications for planning permission and change of use, for their works.
3. The College will appoint a principal contractor through competitive tender.
4. Following issue of the Council's certificate of completion, the College will enter into a lease of the property on the terms stated in appendix two.
5. The Council will have 'step-in' rights to complete these works should the College find themselves in breach of their grant funding agreement with the Local Enterprise Partnership (LEP) for the cost of the works to Pioneer House.

The occupation by the College will be governed by an Agreement to Lease, based on commencing and completing an approved scheme of fit out works to the satisfaction of the Council. Upon practical completion of the landlord's works, the College will take a lease of the property on the terms stated in appendix two.

3. Implications for the Council

Pioneer House is an iconic listed building in Dewsbury town centre. The redevelopment of Pioneer House is a symbol and a clear indication of the Council's commitment to the transformation of Dewsbury as part of North

Kirklees Growth Zone (NKGZ) initiative. The project has a number of implications which are noted below:

3.1 Legal Implications

The Council will be required to enter into relevant legal documentation with the College in relation to the Agreement to Lease and all necessary and requisite deeds and documents to give effect to the proposals.

3.2 Financial Implications

The redevelopment of Pioneer House by Kirklees College requires the Council to undertake a programme of landlord's works.

There is provision of £2.9m investment in the Capital Plan; this comprises £848k (to match £848k funding with HLF) plus a further £1.08m and £124k from economic delivery capital baseline, in order to implement the programme of works.

This report seeks authority to spend the £2.9m borrowing referred to. The revenue cost of financing this level of borrowing is £137k per annum for 20 years. Following Cabinet approval of these proposals an application will be made to HLF for approval of £848k. For the period up until the approval of this application the Council will have to under-write the costs associated with the heritage envelope, however officers are confident that the risks of not achieving success in respect of the application are small. There are, however, associated risks in proceeding before the negotiations with the HLF with regard to the grant have been concluded and these are set out in appendix two.

On 23rd June 2016 the West Yorkshire Combined Authority approved (in respect of Kirklees College application) a capital grant of £11.1m and up to £4m interest free capital loan towards the redevelopment of Pioneer House and creation of Dewsbury Learning Quarter.

The £4m loan is on an interest free basis up to 31st March 2020, after this date the loan becomes subject to a commercial rate. The Council has agreed to repay 50% of the loan up to a maximum of £2.0m and the Capital Plan progressing to February 2017 Budget Council reflects the Council commitment to this. The intention is to fund the loan from capital receipts realised from the sale of land off Halifax Road and the property at Bradford Road, commonly known as the "former Safeway site", by the Council and Dewsbury Endowed School Foundation Trust subject in this latter case to the corporate trustees and Charity Commission approvals to this proposal.

Independent valuation advice from our external advisors, Cushman & Wakefield, has confirmed that the Council has complied with its statutory obligation to obtain *best consideration* with regard to the grant of the lease of Pioneer House.

3.3 Human Resources Implications

None.

3.4 IT Implications

None.

3.5 Strategy and Partnership Implications:

The redevelopment of Pioneer House, is significant to Dewsbury town centre and as part of the NKGZ is anticipated to kick-start the fifteen year economic regeneration programme that will generate new houses and business growth in the town. The working LEP Strategic Economic Plan (2016 - 2036) identifies the NKGZ as a priority (see Cabinet 17th November 2015 for background report).

4. Consultees and their opinions

The LEP have confirmed commitment to the NKGZ. A key component includes the redevelopment of Pioneer House and the development of DLQ. The West Yorkshire Combined Authority has approved a grant of £11.1m and £4m capital loan towards the redevelopment of Pioneer House and the creation of DLQ.

Local ward councillors are supportive of redeveloping Pioneer House and delivering DLQ (a new learning campus for Dewsbury) thereby providing a transformational economic boost to Dewsbury town centre.

Portfolio holder has been consulted and reiterates support of working with Kirklees College to redevelop Pioneer House.

5. Next steps

The council will

- Complete detail design and enter into a formal contract with the selected contractor at an appropriate time to deliver the landlord's schedule of works for Pioneer House.
- Enter in to legal documentation with the College.

6. Officer recommendations and reasons

It is recommended that Cabinet:

- a) Approve the redevelopment of Pioneer House to facilitate the delivery of a new Dewsbury campus for Kirklees College as outlined in the report.
- b) Approves the terms of occupation of Pioneer House by Kirklees College, as outlined in the report and appendix two, and delegates authority to the Assistant Director (Place) to finalise and agree terms with Heritage Lottery Fund.
- c) Delegates authority to the Assistant Director (Legal, Governance and Monitoring), to enter into all appropriate contracts, deeds and documents in relation to facilitating the occupation of Pioneer House, Dewsbury by Kirklees College.

- d) Approves the release of £2.9m from the Capital Plan to support the implementation of the landlord's programme, comprising of £1.08m plus £1.7m of Townscape Heritage Initiative grant (which comprises of £848k council funding and the under-write of £848k grant from the Heritage Lottery Fund until the application is approved and the grant awarded) and £124k from economic delivery capital baseline budget.
- e) Delegates authority to the Assistant Director (Place) to submit the application to Heritage Lottery Fund, to authorise payment of the Townscape Heritage Initiative grant, upon receipt of a completed application form and all necessary supporting information.
- f) Notes the position, as referred to in appendix two, with regard to the possible clawback by the Heritage Lottery Fund upon the grant of the Lease to Kirklees College as highlighted in the report.
- g) Delegates authority to the Assistant Director (Place) and the Assistant Director (Legal, Governance and Monitoring) to agree any documentation in respect of the Agreement to Lease with the College.
- h) Approves the proposal to fund the loan re-payment from capital receipts realised from the sale of land off Halifax Road and the property at Bradford Road, commonly known as the "former Safeway site".

The redevelopment of Pioneer House is significant to the future of Dewsbury. The approvals sought will enable the enhancement of Pioneer House, assist with the relocation of Kirklees College, provide a new education hub and support the revitalisation of Dewsbury.

7. Cabinet portfolio holder recommendation

The portfolio holder, Cllr Peter McBride, agrees with the officer proposals and recommendations and would ask Cabinet to do the same.

"Pioneer House is an iconic building one which the Council saved in 2011. After undertaking safeguarding work, the next phase is to stabilise the building and provide a platform for the College fit-out. The redevelopment and reoccupation of Pioneer House by Kirklees College is a symbol of the Council's ongoing financial commitment to the transformation of Dewsbury and the town centre. Pioneer House is central to the Council's commitment to regenerate North Kirklees in partnership with key stakeholders including Kirklees College and also Heritage Lottery with support through Dewsbury Townscape Heritage Initiative."

8. Contact officer and relevant papers

Andrew Jackson, Principal Regeneration Manager
Email: andrew.jackson@kirklees.gov.uk
Tel: 01484 221000

Papers:

- Appendix 1 (public) –Dewsbury Townscape Heritage Initiative Grant Overview Form
- Appendix 2 (private) – Terms of occupation

9. Background Papers and History of Decisions

- Cabinet 15th November 2016 - Pioneer House and land at Bradford Road, Dewsbury
- Cabinet 08th March 2016 - Pioneer House and land at Bradford Road, Dewsbury
- Cabinet 17th November 2015 - North Kirklees Housing and Enterprise Growth Zone
- Cabinet 23rd September 2014 – Dewsbury Townscape Heritage Initiative
- Cabinet 19th October 2009 – Pioneer House, Halifax Road, Dewsbury
- Cabinet 03rd March 2009 – Pioneer House, Halifax Road, Dewsbury
- Cabinet 20th February 2008 – Dewsbury West Quarter Retail development – Collaboration Agreement with Stayton (Dewsbury) Ltd
- Cabinet 25th July 2007 – Dewsbury Master-planning

9. Assistant director responsible

Paul Kemp, Assistant Director – Place

Email: Paul.kemp@kirklees.gov.uk

Tel: 01484 221000

- Appendix 1 (public) — Dewsbury Townscape Heritage Initiative Grant Overview Form
- Appendix 2 (private) – Terms of occupation

Appendix 1

DEWSBURY TOWNSCAPE HERITAGE INITIATIVE (THI) GRANT OVERVIEW FORM

Property – Grant Ref: DTHI-007 (Critical Property)

Pioneer House, Northgate, Dewsbury, WF13 1AP.

Applicant (s): Kirklees Council – c/o Joanne Bartholomew – Assistant Director (Place)

Contact:

Andrew Jackson, Principal Regeneration Manager – Kirklees Council, Investment & Regeneration Service. 1st Floor, Civic Centre 3, Market Street, Huddersfield, HD1 2JR.

Email: andrew.jackson@kirklees.gov.uk – Tel.: 01484 221000

Project Management

Liam Wilcox, Senior Capital Delivery Officer, Kirklees Council, Physical Resources and Procurement Service. Ground Floor, Civic Centre 3, Market Street, Huddersfield, HD1 2JR.

Architect

Conservation Architect: **Farrell & Clark** - Helen Walker RIBA CA
First Floor, Brodrick's Building, 43 -51 Cookridge St, Leeds, LS2 3AW
Tel: 0113 2590922 - helen.walker@farrellandclark.co.uk

Works

The project comprises of 2 phases:

- I) Landlord Works (partially funded by the THI grant)
- II) Kirklees College Works

The Landlord works will bring the building up to a shell standard, whereby it can be transferred to the College for them to undertake their fit-out works.

The Landlord works shall involve: major structural stabilisation throughout the building, replacement of defective concrete floors, to unit 3, repair defective roofing, installation of utilities, enhancement & preservation of historic features for example Clock tower staircase, removal of the ballroom ceiling (re-instatement of 1 bay) in unit 1, restoration of tile and plaster work, drainage, internal re-configuration, circulation including reinstatement of floors, new walls, floors, ceilings and basic decoration

The works are broken down as follows:

Restoration Works

- Removal and replacement of historic lath and plaster ceilings/mouldings at high level and in staircase areas
- Cleaning, repair and replacement of ornate feature tiling to walls and staircase areas
- Cleaning, repair and replacement of terrazzo tiled floors to staircase areas
- Repairs to historic lime plaster walls and cornices
- Restoration, repair or replacement of feature timber panelling and ceiling cornices
- Repair and restoration to stained glass
- Installation of new feature stone column to external façade
- Installation of replica aluminium roof skylight above internal staircase
- Repairs to and provision of new external timber doors
- Repairs to and provision of replacement glazing to external windows

- Repair and replacement feature cast iron balustrades and timber handrails
- Alteration works to existing timber and glazed shopfronts/ entrances
- Gatehouse restoration – repointing
- Install single section of Ballroom ceiling
- Restore Boardroom ceiling

Construction Works

- Structural strengthening works to the building fabric including upgrading of principal floor members, lateral wall stability and infilling of existing floors
- Removal of existing in-situ concrete floors and replacement with in-situ composite decking and concrete floors, including all associated temporary works design and works required to maintain the stability of the building
- Tanking works to existing basements including associated drainage works
- Demolition and removal of existing concrete stairs and provision of new
- Forming structural openings within internal and external masonry and concrete walls at all floor levels, including all associated access and temporary works.
- Installation of new drainage connections
- Repair and provide new timber floors
- Removal and replacement of external flat roofing
- Asbestos removal

Relevant Planning Approvals

Landlord works (Listed Building Consents)

Stayton Group (previous owner) App. No.: 2007/65/93755/E2 - <https://goo.gl/BwixQz>

Council Phase 1 External Works App. No.: 2012/65/90365/E - <https://goo.gl/oi5Hjv>

Window Alterations App. No.: 2012/65/93136/E - <https://goo.gl/euz07x>

Unit 3 structural works App. No.: 2016/65/91516/E - <https://goo.gl/q2Xt4V>

Building Regs - : Full Plans Application 2016/01967 submitted to Kirklees Building Control

College works

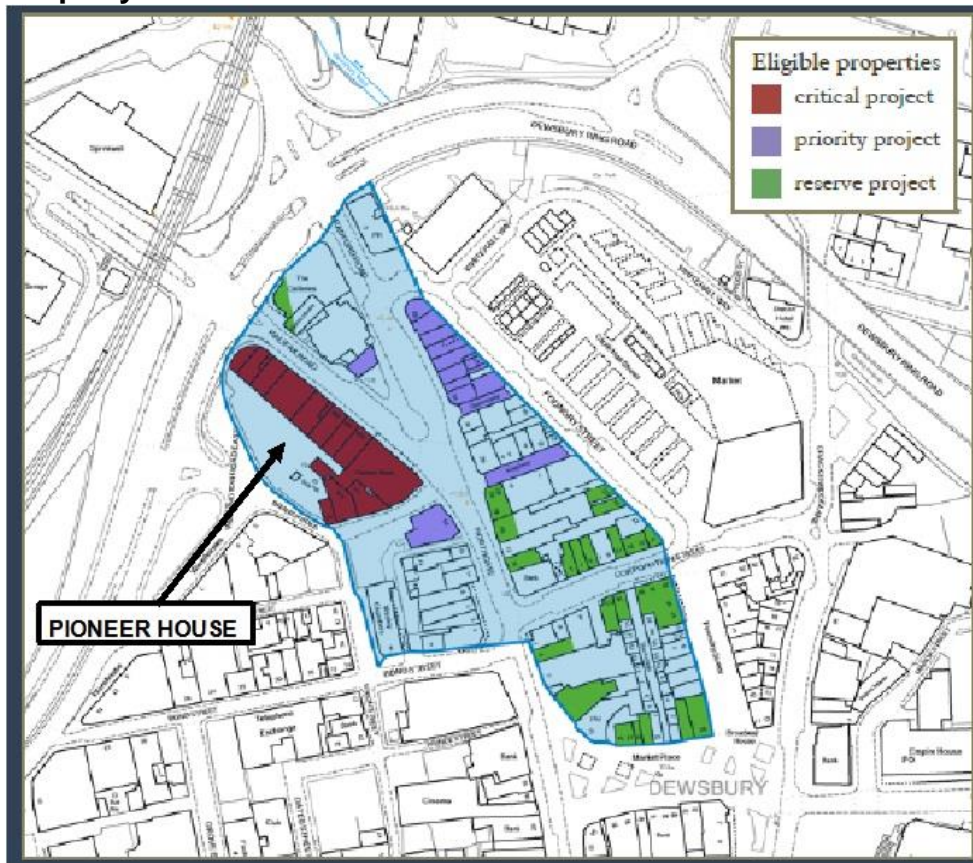
Listed Building Consent (decision pending) – App. No.: 2016/65/93191/E - <https://goo.gl/mUuUau>

Planning permission – to be submitted

Change of Use permission – to be submitted

Building Regs - : to be submitted

Property Location



Property:



Dewsbury Townscape Heritage Initiative – 3rd January 2017