

Name of meeting: Cabinet
Date: 11 December 2018
Title of report: Pioneer House - Contribution to College fit out works

Purpose of report

To seek authority to amend a previous Cabinet authority (from January 2017) with regard to the underwriting of WYCA loan costs to Kirklees College.

Key Decision - 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 The Chair of Overview and Scrutiny Management Committee has agreed to the addition of an urgent item to the Forward Plan in relation to this issue.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports?)</u>	Yes
The Decision - Is it eligible for call in by Scrutiny?	No. The Chair of Overview and Scrutiny Management Committee has waived the right to call in due to the need for a decision to confirm the allocation of funding to the Pioneer House College fit out works to be confirmed to the college as soon as possible.
Date signed off by <u>Strategic Director</u> & name	Karl Battersby - 23.11.2018
Is it also signed off by the Service Director for Finance (S151 Officer)?	Eamonn Croston - 22.11.2018
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft - 21.11.2018
Cabinet member <u>portfolio</u>	Cllr Graham Turner - Corporate

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

Ward councillors consulted: Dewsbury East – Cllrs E Firth, C Scott and P Kane, Dewsbury South – Cllrs M Ahmed, G Asif and N Dad, Dewsbury West – Cllrs M Hussain, D O'Donovan, and M Pervaiz

Public or private: Public

1. **Summary**

This report seeks to revise the authority previously given by Cabinet in January 2017 in relation to the underwriting of loan costs by the Council for Kirklees College for Pioneer House.

2. **Information required to take a decision**

2.1 **Background**

The Council acquired Pioneer House 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)).

A subsequent Cabinet report on 17th January 2017 gave approval for the release of funding from the capital plan to fund a programme of landlords works, to grant a lease to Kirklees college, for the Council to underwrite Heritage Lottery Fund grant, and for the Council to underwrite 50% of the risk of repayment of the loan from West Yorkshire Combined Authority (WYCA). It is the issue of repayment of the loan which is the focus of this report.

2.2 **Current position**

In terms of the overall construction programme, the landlord's (Council's) works are progressing well and are due for completion early in 2019. Following the completion of the landlord's works, the college will undertake an internal fit-out programme of works, forming new classrooms, offices, and art and design workshops.

2.3 **Loan repayment**

The issue which has arisen in relation to loan repayment relates to the authority given by Cabinet in January 2017. The wording of the report at that time was that the Council would "repay 50% of the loan up to a maximum of £2 million". In developing their plans for the DLQ, the college had access to up to a maximum £2 million contribution to the overall loan funding from the Council. The £2 million remains in the Council's capital plan.

The college have not utilised the WYCA loan finance to the extent they originally anticipated, having been able to fund some of the development through other means although it is unable to complete the DLQ scheme without the Council's contribution. This report seeks authority to revise the original Cabinet authority in order to be able to make a full £2 million contribution from the capital plan to the DLQ scheme rather than funding up to 50% of the loan from WYCA.

It remains the case that, as per the January 2017 report, the Council will seek to offset the cost of the grant as far as possible by releasing capital from the sale of land. This

is, however, unlikely to cover the full amount of the loan. The Council will continue to seek opportunities to generate capital receipts.

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

No direct impact.

3.2 Economic Resilience (ER)

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. It will bring a large student population to Dewsbury town centre which will aid the renaissance of the town centre and diversify existing uses.

3.3 Improving Outcomes for Children

No direct impact.

3.4 Reducing demand of services

No direct impact.

3.5 Other (eg Legal/Financial or Human Resources)

3.5.1 Financial implications

As outlined above, £2m is identified in the Council's capital plan to repay the College's intended loan from WYCA should the College have drawn down the full £4m i.e. up to 50% of the maximum loan that the College could have drawn down. Kirklees College, having sourced some of their original intended contribution to their 50% of the loan from other sources, now require the Council's contribution to deliver the DLQ scheme and therefore the College's call on the Council's capital will be the full sum of £2m rather than a potentially smaller sum should the College not have drawn down the full £4m that WYCA made available to them.

This is intended to be offset by the sale of property; however, this is unlikely to cover the full amount. As set out in 2.3 above, the Council will continue to seek opportunities to generate capital receipts.

WYCA were asked whether they are able to further contribute to the funding. They have responded stating that their Skills Capital funding is fully allocated and that they are not in a position to convert a loan to a grant.

3.5.2 Legal implications

Through previous Cabinet approvals and existing schemes of delegation, officers already have the relevant authority to enter in to the necessary legal documents, and these have been progressed and entered in to as part of the overall DLQ project. If Cabinet agrees to grant the full £2m which is set aside in the capital plan in order to make the delivery of Pioneer House happen, as part of the DLQ, officers will amend existing legal documents in order to incorporate the change requested in this report.

4. **Consultees and their opinions**

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 holders have been consulted and reiterate their support for the approach of working with Kirklees College to redevelop Pioneer House in order to bring the building back in to use, and compliment the new Springfield Centre and deliver the promised curriculum to the students of Dewsbury and the wider area. They noted that Pioneer is a challenging building, but they are committed to bringing it back to its former glory. They are sure that this investment and commitment to Pioneer House will help with the longer term ambitions of the council to regenerate Dewsbury, and make it a thriving town centre.

5. **Next steps**

The Council will continue to progress its landlords works, and upon completion of these will hand over the building to the college, who will then progress their fit out works.

Subject to Cabinet approval for the revised authority for the grant, a schedule for draw down of the grant by the college will be agreed.

6. **Officer recommendations and reasons**

It is recommended that Cabinet:

- Give authority for a payment of a grant of £2m from the Council's capital plan, to contribute to the regeneration and bringing back in to use of Pioneer house so as to bring about completion of the Dewsbury Learning Quarter thereby increasing footfall and the regeneration of Dewsbury Town Centre.
- Authorise the Service Director, Legal, Governance and Commissioning to enter in to all documentation necessary to bring about the ability for the Council to make a grant of £2m to Kirklees College from the Capital Plan

The reason for this recommendation is the strategic importance of the development of Pioneer House to Dewsbury within the wider North Kirklees Growth Zone. The occupation of Pioneer House will diversify uses in Dewsbury Town Centre and contribute to the town's revitalisation by providing an active student population in the area.

7. **Cabinet portfolio holder's recommendations**

Cllr Graham Turner recommends that Cabinet:

- Give authority for a payment of a grant of £2m from the Council's capital plan, to contribute to the regeneration and bringing back in to use of Pioneer house so as to bring about completion of the Dewsbury Learning Quarter thereby increasing footfall and the regeneration of Dewsbury Town Centre.
- Authorise the Service Director, Legal, Governance and Commissioning to enter in to all documentation necessary to bring about the ability for the Council to make a grant of £2m to Kirklees College from the Capital Plan

8. **Contact officer**

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9. **Background Papers and History of Decisions**

Cabinet 8 March 2016
<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?AllId=2643>

Cabinet 15 November 2016
<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?AllId=4152>

Cabinet 17th January 2017 -
<https://democracy.kirklees.gov.uk/ieDecisionDetails.aspx?Id=3397>

10. **Strategic Director responsible**

Karl Battersby - Strategic Director, Economy and Infrastructure
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