
**Grant Application under the Townscape Heritage Initiative:
22 – 24 High Street, Bromsgrove**

Relevant Portfolio Holder	Councillor R Dent
Portfolio Holder Consulted	Yes
Wards Affected	St John's
Ward Councillor Consulted	Yes
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To approve the offer of a grant for the renovation of 22 – 24 High Street (the Prezzo building), Bromsgrove under the Townscape Heritage Initiative (THI).

2. RECOMMENDATIONS

- 2.1 **That Cabinet approves the offer of a Townscape Heritage Initiative grant as set out in this report**

3. KEY ISSUES

Financial Implications

- 3.1 The Townscape Heritage Initiative is a grant scheme of £1.6 million jointly funded by the Heritage Lottery Fund (£1.2 M) and Worcestershire County Council (£400K) for the restoration of historic buildings on High Street and Worcester Road.
- 3.2 In the Stage 2 Bid and Action Plan to the Heritage Lottery Fund dated 20 April 2012, the Council entered into an agreement with the Heritage Lottery Fund and Worcestershire County Council to set up and run the Townscape Heritage Initiative. The agreement requires that single grants of over £150,000 must be approved by Cabinet.
- 3.3 22 – 24 High Street, Bromsgrove (see image at Appendix 1) is a grade 2 listed building that is currently a derelict eyesore at the upper levels. It is earmarked as one of seven priority “plus” buildings eligible for deficit funding through the Townscape Heritage Initiative. Deficit funding is available for bringing unused upper floors over shops back into use where the repair will cost more than the value of the restored building.

BROMSGROVE DISTRICT COUNCIL

Cabinet

2nd July 2014

- 3.4 Pre - application advice was received for this project on 2 December 2013 and a planning application, pending consideration, was received on 26 May 2014. Support for the proposed grant has been received from the Heritage Lottery Fund Monitor for Bromsgrove Townscape Heritage Initiative.
- 3.5 The owner of the grant-aided property – Erindale Services Isle of Man Ltd - must contribute to the renovation costs a sum equal to the estimated value of the restored property. This means that were the owner to sell on completion of the project, he would not profit from this because he would receive no more from the sale than the amount he had invested in its renovation.
- 3.6 The property owner's contribution will amount to approximately one half of the total eligible renovation costs, with the Heritage Lottery Fund paying the other half:

Proposed Conservation Deficit			Notes
A	Current Value	£150,000	
B	Eligible costs of repair & conversion works to front of main building (incl. fees etc.)	£460,521	
C	Developer profit at 15%	£37,500	15% of £250,000
D	Total eligible costs (B + C)	£498,021	
E	Estimated end value of property (£400K - £150K)	£250,000	
F	Conservation deficit (D - E)	£248,021	
	Grant (100% of conservation deficit)	£248,021	
	Potential deficit grant rate (G divided by D)	50%	Expressed as a percentage of costs (excluding profit)

- 3.7 The total eligible renovation cost is estimated at £497,396 with the THI paying c. £251,563 towards this and the owner paying c. £265,000.

Legal Implications

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- 3.8 The standard Heritage Lottery Fund deficit grant contract stipulates that two years after the completion of the project, or on the sale of the property, whichever is the earlier, the deficit must be recalculated. If there is a reduction in the deficit, i.e. an increase in the value of the property, in accordance with Heritage Lottery Fund policy, the Council and the Heritage Lottery Fund will claw back a percentage of that increase.
- 3.9 The grant applicant is committed, by way of the grant contract, to maintain the property to a standard commensurate with the character of the building upon restoration. The grant is repayable on breach of this condition for the length of the contract (10 years).

Service / Operational Implications

- 3.10 The grant offer will be based on an estimated renovation cost provided with the application. Once the grant has been offered, the construction work will go out to tender. If the tender price is lower than estimated, the grant offer will be reduced accordingly.
- 3.11 The property valuation being used to calculate the deficit grant is taken from an independent valuation, obtained and submitted by the applicant.
- 3.12 THI grant payments are made to property owners in retrospect, and usually in instalments. This project would be spread over approximately 8 months, with grant payments made monthly for completed work. Following Cabinet approval, it is hoped that the grant could be offered in early July. Work is likely to start on site in August 2014, with completion expected in spring 2015.

Customer / Equalities and Diversity Implications

- 3.13 A THI Partnership Steering Group meets bi-monthly to receive regular updates on THI progress and provide feedback on the design and quality of implemented projects. Membership is drawn from local community and residents' groups (including religious, leisure and youth groups), local business and commercial concerns and the principal amenity groups - Victorian Society, Housman Society, English Heritage and Bromsgrove Society.

4. RISK MANAGEMENT

- 4.1 Without grant-aid it is very unlikely that this building will ever be economically viable to restore.

- 4.2 Monies saved by not agreeing to offer a deficit grant for this particular project would have to be relocated to other properties within the THI area meaning further delays to the delivery and effectiveness of this scheme.

5. APPENDICES

Appendix 1 – Image of 22 – 24 High Street, Bromsgrove

6. BACKGROUND PAPERS

THI Stage 2 Bid and Action Plan

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