

# **WEST NORTHAMPTONSHIRE COUNCIL CABINET**

**12<sup>TH</sup> OCTOBER 2021**

## **CABINET MEMBER WITH RESPONSIBILITY FOR FOR ECONOMIC DEVELOPMENT, TOWN CENTRE REGENERATION AND GROWTH – COUNCILLOR LIZZY BOWEN**

<b>Report Title</b>	<b>Old Black Lion Pub and St Peter’s Church – Northampton Towns Fund</b>
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### **Contributors/Checkers/Approvers**

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### **List of Appendices**

- Appendix A – Northampton Town Investment Plan
- Appendix B – Old Black Lion and St Peter’s Church Business Case
- Appendix C – Old Black Lion and St Peter’s Church Appraisal Report
- Appendix D – Draft Grant Funding Agreement

## **1. Purpose of Report**

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1.1 This report requests approval:

- a) of the business case for the Old Black Lion and St Peter's Church project to allow the funding to be drawn down from Northampton's Towns Fund grant allocation
- b) to agree the proposed terms for the lease on the Old Black Lion Pub for a term of 30 years to The Churches Conservation Trust Enterprises Limited.

## **2. Executive Summary**

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- 2.1 The Towns Fund is part of the Government's plan for levelling up the UK economy. Towns across England will work with the Government to address growth constraints and to ensure there is a course of recovery from the impact of COVID-19. The overarching aims of the Towns Fund are to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.
- 2.2 In September 2019, Northampton was one of the 101 places invited to develop proposals for a Town Deal, as part of the £3.6 billion Towns Fund. In December 2020, led by the Northampton Forward Board, Northampton submitted a Town Investment Plan to Government setting out ten project proposals to deliver long term sustainable economic growth in Northampton.
- 2.3 In March 2021, Northampton was offered a Town Deal of a value of £24.9 million with a set of draft Heads of Terms, which have subsequently been signed, and are subject to conditions that need to be met to access the funding.
- 2.4 For each Towns Fund project, a HM Treasury compliant business case needs to be developed and go through a local assurance framework. This process was formally signed off by Cabinet on 13 July 2021.
- 2.5 The Old Black Lion and St Peter's Church project is the second Towns Fund project to come forward. This report seeks approval of the business case to draw down on £315,000 of funding to enable project delivery.
- 2.6 The Old Black Lion and St Peter's Church project will allow for the regeneration of the currently derelict site into a "proper pub", a building rooted in its community, and a place for everyone to eat, drink, meet and enjoy the character of a historic coaching inn. The pub enterprise will generate funds for the repair and conservation of St Peter's Church and support the work of the Churches Conservation Trust.
- 2.7 It is proposed that upon completion of the project the Old Black Lion pub is let to The Churches Conservation Trust Enterprises Limited (CCT) for a term of 30 years inside the security provisions of the Landlord and Tenant Act 1954 and with the ability to sublet to a pub operator.

### **3. Recommendations**

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3.1 It is recommended that Cabinet:

- a) Approves the business case for the Old Black Lion and St Peter's Church project to draw down on £315,000 of Towns Funding
- b) Delegates authority to the Head of Major Projects and Regeneration to finalise the Grant Funding Agreement with The Churches Conservation Trust (CCT)
- c) Delegates authority to the Assistant Director of Assets and the Environment to agree terms of the lease on the Old Black Lion Pub.

### **4. Reason for Recommendations**

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4.1 Reasons for recommendations:

- a) The recommendation is being made so the regeneration of Northampton Town Centre can take place as set within the Town Investment Plan.

### **5. Report Background**

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5.1 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. The purpose of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth. It focuses around the three streams of urban regeneration, land use planning and infrastructure, and skills and enterprise.

5.2 Northampton was included in the initial 101 places and in December 2020 Northampton's town investment plan was submitted to Government and subsequently succeeded in being awarded £25million.

5.3 The submission was overseen by the Northampton Forward Board. Northampton Forward is an informal partnership with the primary role of coordinating and driving forwards the integrated regeneration and growth within Northampton, including Northampton town centre. The board consists of West Northamptonshire Council (WNC), South East Midlands Local Enterprise Partnership (SEMLEP), The University of Northampton, private sector representatives, Northamptonshire Police, Northamptonshire Chamber of Commerce, Royal and Derngate, community representatives, Northampton Town Centre Business Improvement District and other partner organizations as needed.

5.4 The projects submitted as part of the Town Investment Plan have a total ask of £25 million. The final list of projects is as follows:

- St Peter's Church and the Old Black Lion

- Town Centre Public Realm
- 41- 45 Abington Street (Former M&S Building)
- 35 -39 Abington Street (Former BHS Building)
- Marefair Heritage Gateway
- Four Waterside
- 24 Guildhall Road Art Centre
- 78 Derngate Extension: The Charles Rennie Mackintosh Museum
- Emporium Way
- Skills and Social Enterprise Fund

5.5 The ten-year vision will strengthen Northampton's position at the centre of the Oxford-Cambridge Arc by providing modern spaces for creative businesses to capitalise on the town's manufacturing and entrepreneurial passion.

5.6 It will also:

- Build on the rich heritage and cultural offers to rejuvenate the town centre so it once again represents the aspirations of its residents;
- Create high-quality housing, digital infrastructure and open spaces, enabling communities to grow and flourish to meet economic, health and wellbeing, and environmental challenge
- Improve access to skills and training while promoting first-rate higher and further education opportunities.

5.7 The funding for individual Towns Fund project will be subject to a local assurance framework, this process was approved by Cabinet on 13 July 2021.

5.8 The Old Black Lion and St Peter's Church project is the second Towns Fund project to go through this process.

5.9 The business case was independently appraised by Hatch Ltd at the end of August 2021 and subsequently approved by the Northampton Forward Oversight and Delivery Group on the 20 Sept 2021. The Northampton Forward Board then approved the business case on the 22 Sept 2021.

5.10 The Old Black Lion has been closed since 2018 and its historic fabric, dating from the 16th-century, is deteriorating. It has been subject to break-ins and criminal activity, and its poor condition has a negative effect on the setting of St Peter's Church, Marefair, and on people's first impressions of Northampton when arriving from the railway station.

5.11 The aim of the project is to create a successful enterprise in the Old Black Lion. The idea is to restore it as a 'proper pub', a building rooted in its community, and a place for everyone to eat, drink, meet and enjoy the character of an historic coaching inn.

- 5.12 To facilitate the above objective, it is proposed that a 30-year lease inside the Landlord and Tenant Act 1954 be granted to CCT at a peppercorn rent for the first 12 years. The lease would allow for the subletting to a specialist pub operator. At year 12 the rent would be reviewed to 10 per cent of the net turnover for the preceding three years with further reviews based on turnover. There would be a tenant break at year 12 and year 20 with the tenant having the option to purchase the Old Black Lion Pub at Year 20 at Open Market Value.
- 5.13 The listed pub will be repaired to the best conservation standards and the historic carriage passage from Marefair into the inn's courtyard will be reinstated. A new path and gate will connect the pub's courtyard entrance on St Peter's Street to St Peter's churchyard next door.
- 5.14 There will be a new dining room extension at the rear, reinstating the horseshoe plan of the original building, and overlooking the courtyard, which will be a beer garden. The main pub bar and lounge will be for drinks and bar food.
- 5.15 Upstairs will be five guest bedrooms providing bed and breakfast, and a meeting room and function room which will be available for private hire and for use by the community.
- 5.16 The Churches Conservation Trust is also exploring a partnership with the Central Council of Church Bell Ringers, which could see a new national training centre for church bellringing based at the Old Black Lion and St Peter's.
- 5.16 The revitalised pub will also provide hospitality facilities for visitors to and users of St Peter's Church, supporting community activities and other beneficial uses of the building. The pub enterprise will generate funds for the repair and conservation of St Peter's Church and support the work of the Churches Conservation Trust.
- 5.17 The St Peter's Church and Old Black Lion project will not only solve many of the challenges faced by several important heritage assets in Northampton, but it also forms the basis of a wider regenerative vision for the local area and will provide a focal point for much-needed community activity. It will provide an anchor point for the new "Heritage Gateway" area of the town which will link through to, and support, the Northampton Cultural Quarter. It will also generate a sustainable source of income to support the wider [charitable aims of the Churches Conservation Trust](#), as well as a testbed for future multi-faceted sustainable heritage regeneration projects. Investment of £315,000 to support the project is being sought from the Towns Fund.
- 5.18 In 2018 the West Northamptonshire Development Corporation provided £200,000 of match funding and this has partly been spent on project development costs so far and the remainder will be used for the capital phase of the project.
- 5.19 The project is also seeking £150,000 of Section 106 monies from the council to support the project and the maintenance of St Peter's Church. The Business Case is attached at Appendix B.
- 5.20 The grant payment to the Churches Conservation Trust will be formalised through a grant funding agreement. The grant will be paid in several instalments subject to satisfactory progress being made in meeting the agreed milestones and outputs. A draft agreement is included in the

appendix with a funding and milestone schedule. The Grant Funding Agreement will be finalised and signed off following approval of this report.

## **6. Issues and Choices**

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- 6.1 To approve the drawdown of the funding for the project as described in this report.
- 6.2 To not approve the funding for this project will mean that the project will not be able to take place as the project is reliant on the Towns Fund. This would mean that the funding allocated by Government will be lost and not be used for the regeneration of Northampton town centre.
- 6.3 To approve the delegated authority to approve the lease to CCT .
- 6.4 To not approve the delegated authority in relation to the lease. Without the lease in place to CCT a fundamental part of the project would not be in place which could jeopardise the success of the project.

## **7. Implications (including financial implications)**

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### **Resources and Financial**

- 7.1 WNC is the accountable body for the Towns Fund Grant and will be passporting £315,000 to the trust from the Towns Fund. The funds will be governed by a grant funding agreement between WNC and the trust and will be paid on the completion of milestones laid out in the agreement.
- 7.2 The £200,000 match funding requirement from West Northants Development Corporation identified above relates to historical spend. The £150,000 of S106 monies is already ringfenced for this project and is available. Use of s106 was approved by Northampton Borough Council (NBC) at its meeting of the S106 Board on 3 December 2020. WNC will not be required to make a financial contribution to this project and any risk associated with delivery and achievement of milestones lies with the trust.
- 7.3 WNC's responsibility is the administration and monitoring of the grant funding. As such there are no finance implications arising from this proposal.
- 7.4 Government have agreed to forward fund 5 per cent of total Towns Fund allocations to local authorities to allow for spend to start sooner on projects. This 5 per cent has been received by West Northamptonshire Council. Due to the short programme of this project and government asking that the 5 per cent forward funding is spent before further drawdowns are made, the £315,000 allocation will come out this forward funding.
- 7.5 The CCT do not have the resources or expertise to run the Old Black Lion Pub, it is therefore proposed that a specialist operator is engaged to run the business to ensure that it is financially viable. The proposal to grant the lease to CCT at a peppercorn for the first 12 years allows the operator to build the business and allows sufficient time to ensure the business is sustainable in the long term.

7.6 Due to the disrepair and the large financial investment required to bring the pub back into beneficial use, a market rent is not considered appropriate . If the pub was let in its current condition it is unlikely that a tenant would be prepared to invest the sums required to renovate and protect the pubs heritage.

### **Legal**

7.7 As detailed in the Cabinet Report entitled “Northampton Towns Fund” dated 13 July 2021, Cabinet is required, on being satisfied that all the assurance processes identified in that report have been complied with by the council (in other words, analysis of quality data and best practice, assessment of value for money and pre-approval of business case by identified bodies) to approve the business case to release funds allocated to support the project.

7.8 It is noted at paragraph 3.1 (b) above, that the council will need to enter into a grant funding agreement, the provisions of which are unknown at present. It is to be recommended that on receipt of the grant funding agreement that legal advice and support should be obtained.

### **Risk**

7.9 If the Towns Fund projects are not delivered, there will be significant financial, reputational, and political risks for both the council and Churches Conservation Trust.

- Financial risks: If the projects are not delivered within time and deadlines are not met, the council risks losing external funding and faces increased costs within projects through not being able to undertake appropriate due diligence.
- Reputational risks: If the programme of work is not delivered timely, then it weakens the council’s position to leverage funding from Government and other external funders in the future. There would also be a reputational hit with the public with many of these schemes already heavily promoted.
- Political risks: As a new authority, the council is under increased scrutiny from Government and the public and if the projects are not delivered efficiently or effectively then this can seriously harm the council’s perception to these audiences.

7.10 Each project will have a project board established, with a wide range of representatives from the council. A project specific risk register will be developed and regularly monitored by the project board.

7.11 The operator may be unable to sustain a profitable business and there is a risk it may fail. This risk is mitigated by granting the lease at a peppercorn for the first 12 years to allow for the business to be developed.

### **Consultation**

7.12 The development of the Town Investment Plan was guided by community and stakeholder consultation. The TIP builds on the initial consultation work undertaken to inform the development of the Town Centre Masterplan which seeks to address many of the challenges

outlined in the TIP. The consultation exercise for the masterplan informed the early development of the project longlist.

### **Online Consultation**

- 7.13 Online consultations on the potential TIP proposals were held in September 2020 to determine the community's priorities for investment, gain feedback and opinions on a range of proposed investment areas and determine the challenges/opportunities for the town.
- 7.14 Approximately 434 individuals replied to the questionnaire creating a total of 1,495 pieces of project level feedback. The responses were evenly split between males and females. 18 per cent of respondents were aged under 35 and 15 per cent were over 65.
- 7.15 Overall, the majority of responses were positive about how beneficial the projects would be to improve the town centre. The main challenges highlighted were a lack of quality goods offered in the town centre, poor appearance of the town centre and competition with other areas. The main opportunities were bringing disused buildings/public space back into use and improving the public realm. The initial survey was followed by more detailed questioning of a web community across three days.
- 7.16 This builds on over two years of consultation completed on the ground and through all media channels. The online consultation completed for the Town Centre Masterplan in 2019 informed the development of the longlist of projects developed for this TIP.
- 7.17 Key local priorities identified at that stage include the restoration and upkeep of historic buildings, improving the quality of retail, the quality of public realm and greenspace in enhancing the town centre, pedestrianization in the town centre, and the potential to accommodate new homes.

### **Consultation Workshops**

- 7.18 A series of consultation workshops were completed in October 2020 focusing on urban regeneration, deprivation and inequality, and business, enterprise, and skills. Approximately 150 stakeholders were approached to take part in the workshops. Workshops were attended by key stakeholders in Northampton including local businesses, social enterprises (Northampton Social Enterprise Town), community town safety teams, Northampton Digital, Northampton Arts and University of Northampton.
- 7.19 Engagement with private sector bodies aided understanding of growth barriers and helped to ensure the plan remains responsive in uncertain times. Engagement with public sector and community organisations highlighted how social enterprises can be incorporated into projects.

- 7.20 The consultations produced a number of themes for the Town Investment Plan including re-energising cultural and historic assets, diversifying the housing offer to match the needs of the community, make the town centre feel safer and upgrade/improve management of key public spaces. The Town Investment Plan consultation findings can be found in the appendices.
- 7.21 Stakeholder Engagement Plan has been developed to accompany Northampton's Town Investment Plan. This document sets out our commitment to develop ongoing relationships with key stakeholders to ensure implementation of the Town Investment Plan remains responsive to the overarching needs of the town.
- 7.22 Furthermore, there has also been considerable community consultation since project inception, culminating recently in several open days at the church showcasing the project to the local community. These were well attended and attracted some incredibly positive feedback and wide-ranging support.

## **8. Consideration by Overview and Scrutiny**

- 8.1 N/A

## **9. Climate Impact**

- 9.1 The council will undertake environmental impact assessments in line with the Towns Fund guidance and the stage two business cases will look at the climate and environmental impact as part of their development.

## **10. Community Impact**

- 10.1 The council will undertake programme-wide level impact assessments, relevant project-level impact assessment and equality and impact assessments when required.
- 10.2 Significant consultation with the public has taken place, with many of these projects delivering assets which will benefit the community.

## **11. Communications**

- 11.1 The document has been assessed for readability and accessibility.

## **12. Background Papers**

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- 12.1 Towns Fund Cabinet Report – Tuesday 13<sup>th</sup> July 2021.