

Appendix A: Westgate Hall funding proposal

Paper presented to the High Street Heritage Action Zone and Future High Street Fund Project Board in November 2021

Background

1. Westgate Hall was built in 1852 as a corn exchange (the second of two exchange halls in Grantham, the other being on the High Street). The building sits at the junction of Westgate and the Market Place, and its stone façade, so different from the surrounding buildings, stands as a landmark in the townscape.
2. Westgate Hall has had several uses throughout its history. Through each reinvention it has always been a place for the people of Grantham to come together.
3. Last used as a nightclub, the building has been vacant for around five years (although the property owner regained control of the building from its tenant approximately three years ago). The building is in a poor state of repair, and although generally structurally sound, there has been damage to the building from a small fire and flooding in the basement, as well as areas of water ingress. This is primarily related to the 12 large octagonal skylights in the roof which were boarded up to suit the use of the building as a night club.
4. A condition survey and options appraisal were completed on the building in 2021, funded by Historic England and South Kesteven District Council (SKDC) through the Grantham High Street Heritage Action Zone (HS-HAZ) programme.
5. The report identified several potential uses for the building, which would secure its future and support the regeneration aims for the town centre, and in particular the Market Place.
6. At the time of commissioning the report the property owner was keen to sell Westgate Hall, and SKDC had expressed some interest in acquiring the property, to bring it back into suitable use. However, following the impact of the COVID-19 pandemic on council resources it is now far less likely that the council would be interested to acquire the property.
7. A costed schedule of repair for the building was produced by Bhangals Construction Consultants, as part of the options appraisal (June 2021), which quantified the cost of restoring the building back to a usable shell condition as between £426,000 – £515,000 (including professional fees, preliminaries, and price and design risk).

8. Westgate Hall was valued at £185,000 in its current condition and estimated that following the completion of the repair and reinstatement works identified, the value of the property would be expected to be in the region of £325,000.
9. These valuations demonstrate that bringing the property back into use would incur a conservation deficit of between £101,000 – £165,000 should the works be completed by the current property owner, and £286,000 – £350,000 should purchase costs be included. This makes it unlikely that the building will be brought back into use without some form of financial aid.

Likely Costs

10. Based on the cost estimates provided in the Westgate Hall Options Appraisal (Quantity Surveyors Cost Plan), there are two options of grant level which could be appropriate, depending on which elements of the work are deemed eligible.
11. The estimates below are based on a grant intervention rate of 60% of costs for repair work and 80% for reinstatement work. Preliminary fees and professional fees are included in the estimates as eligible costs at the rate of 60%

Option 1: All works to first fix (preferred option)

12. This would include all the works listed in the Quantity Surveyors Cost Plan, except works which are purely cosmetic/ decorative, such as finishing surfaces in white paint.
13. Works to remove existing paint from historic surfaces (e.g. on interior stonework, pillars and fireplaces) is included as eligible works.
14. This option also includes grant support for the provision of a small, single person, lift in the building which would make the first-floor function/ meeting room accessible.
15. This would be dependent on planning consent, however if it were possible to add a small lift in the building – it would provide an option for an attractive, accessible private function space which is lacking within the town centre.
16. The price plan gave a provisional sum for a lift of £13,650 - which at a 60% rate would be grant aided to a value of £8,190.
17. Although clarification is needed from Historic England as to if this would be an eligible cost, accessibility improvements (including construction of ramps and creation of a level floor) have been considered eligible costs in projects completed in other HS-HAZ schemes.

Total Eligible Costs:	£354,939
Estimated Grant (ex. VAT):	£244,003
Estimated Grant Inc. VAT:	£292,803

Option 2 – Excluding works to the basement

18. The cost appraisal includes works to the basement to create storage space and a staff break room/ office. This largely includes the removal of equipment and fixtures, furniture related to the former night club, as well as decorative works.
19. Arguably, the building could be brought into usable condition without the basements being subject to works (other than anything necessary to address any water ingress/ damage). Other spaces within the building could be used to create staff/ office space (such as the former retail units – although this would prevent these being used as income generating spaces).
20. When the building was generating income, it may then be possible for the owner to self-fund repair work to the basement.

Total Eligible Costs (excluding basement works):	£297,424
Estimated Grant (ex VAT):	£213,257
Estimated Grant Inc. VAT:	£255,908

Important Notes:

21. These costs are an estimate based on the quantity surveyor report and not a contractor's tender, the final grant amount will need to be adjusted based on actual tender costs.
22. As condition survey completed for the options appraisal did not include a high-level survey of the roof of Westgate Hall. The cost plan has made provision for survey of the roof, yet no capital costs (other than works to the roof windows in the main hall, for which a provisional sum has been included).
23. This presents risk that costs may increase if the repair work to the windows and roof has been underestimated.
24. As the cost plan was completed in June 2021, that inflation will have impacted these costs. Current inflation estimates for the construction industry are approximately 8-10%.

25. As the property owner is not VAT registered, VAT is an eligible cost under Historic England's guidance. For this reason, values for estimated grants have been given both exclusive and inclusive of VAT.
26. Historic England do not typically permit a contingency allowance to be included within a grant offer and as such there is no contingency included in the estimated grant amount.
27. Instead of contingency, should additional funding be required due to unforeseen circumstances, Historic England will consider increasing the grant amount.

Budget implications

28. As this project was not originally included in the programme design the existing budgets for key buildings within the scheme is not sufficient to grant aid this project to the levels suggested above.
29. As such it is proposed that the budget which is currently allocated for public realm work (£204,000) be redirected towards this project. This would be supplemented with funds from the 'key buildings/ shopfront' budget.
30. The public realm budget within the HS-HAZ has largely been superseded by the Future High Street Fund programme with respect of any work in the Marketplace, and it is unlikely that work in any other areas (e.g. the Vine Street Junction, or outside St Wulfram's Church) would have as significant a regenerative impact for the town as bringing Westgate Hall back into a useable condition.
31. Funding split: As with all the capital elements of the HS-HAZ programme, the funding split between SKDC and Historic England for the project would be 40% SKDC funds, 60% Historic England funds, with the remainder of the project costs met by the property owner.
32. This project has the support of Historic England. However, as their contribution to the grant would be more than £50,000 it will require referral for formal approval. Formal approval will also be required to divert funding from public realm works.