



OFFICER DECISION REPORT

Report to accompany Executive decision paper Regeneration

Directorate

Date

Contact Name

Telephone No

Subject Matter

15 February 2023

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Lease of Appley Tower to Natural Enterprise

SUMMARY

1. The council received a request from Natural Enterprise to grant a lease of Appley Tower to enable them to draw down £248,552 of grant funding from Heritage Lottery for the refurbishment of the grade 2 listed structure.
2. The grant agreement requires that a lease was concluded by 31st (December 2022) and that the council confirmed financial support to the project by providing capital match funding of £40,000. Ryde Town Council are also supporting the project and have agreed to provide an additional £40,000 of capital match funding.
3. The lease negotiations between NE and IWC have taken longer to complete than was envisaged due in part to ensure the disposal was advertised in the local press (due to part of the land being designated open space) and to allow for consideration of any comments received. Funding for the £40,000 capital match has now been agreed for section 106 monies. Heritage Lottery have been kept informed of progress and the reason for delay and have agreed to provide more time to enable the lease to be concluded.
4. Appley Tower has been vacant for some time and the council have been unable to find a new tenant for the facility despite several marketing exercises via commercial agents.
5. In addition, the tower is in need of significant external repair estimated to be in the region of £250,000 (at 2019 prices) in order to ensure its long term integrity but also minimise risk to the public given its location in Appley Park adjoining the main promenade.
6. If the grant funding is lost due to the councils inability to meet the timescales for concluding a lease, the building would remain an on-going risk for the council to manage with no allocated budget to do.
7. The lease has now been finalised and is attached as Appendix1 (Exempt from publication).

BACKGROUND

8. Appley Tower is an iconic structure situated in a prominent location in Appley Park. The building is often used in tourism marketing images for the island and is instantly recognisable by most residents. Given its unique design and layout the council has struggled to find and retain commercial tenants. The low value of rent received has also made it difficult to establish a business case for investment in its physical fabric and over time the need for maintenance and repair has grown. Estimates made by property services in 2018 indicate that repairs could cost around £250,000 (at 2018 prices). At this time the town council were working alongside Natural Enterprise to establish a long term plan for its use and the investment required.
9. At this early stage the council indicated a willingness, in principle, to support the approach for a lease, and an element of match funding, subject to planning and listed building consent for any use and local support for the project from the local community. Funding was also “in principle.”
10. Natural Enterprise submitted an initial proposal for the tower and were successful in being awarded funding to develop these ideas into a detailed proposition for Heritage Lottery. NE put together an initial business case for the premises which included a café, holiday accommodation on the upper floors and some additional beach huts on the promenade adjoining the tower. A number of consultation events took place which identified broad support for the proposal and Natural Enterprise submitted a detailed bid for funding to Heritage Lottery (HL).
11. At the end of October, Heritage Lottery informed Natural Enterprise that their funding bid was successful, subject to completion of a lease from the IWC.

STRATEGIC CONTEXT

12. The key objectives relating to this project in the council’s Corporate Plan 2021-25 are:
 - (a) Working together with partners to make to make the most of integrated working, helping communities to help themselves and being a strong council team that delivers

CONSULTATION

13. As stated above, the project was developed by Natural Enterprise with support from Ryde Town Council and included a number of community engagement and consultation events to seek views and options for the future of the tower. The proposal for café, tourism space and beach huts has been broadly supported by the community and endorsed by Ryde Town Council. A public notice on site and in the local press informing the public of the IWC intention to dispose of the facility did not illicit any negative response.

FINANCIAL / BUDGET IMPLICATIONS

14. Appley Tower is currently vacant and therefore not delivering any rental income for the council. The property has been marketed for commercial use but with no formal offers made. The building is “at risk” from a lack of investment and does not have an identified budget for maintenance. This would leave the council with a pressure for refurbishment as the structure deteriorates further with potential risk to those using the park and promenade. The budget requirement for its refurbishment is estimated at £250,000 (2019 prices) and there is no budget allocation for this in the capital programme for 2023/24 and given the councils financial challenges is unlikely to be

seen as a priority in the foreseeable future. The match funding contribution of £40,000 has been identified from an unspent section 106 agreement applicable to this project.

OPTIONS

15. The options available to the council are as follows:

Option A – not to put in place a lease to secure grant from Heritage Lottery to refurbish Appley Tower

Option B – to agree to a lease of Appley Tower to Natural Enterprise to deliver its refurbishment.

RISK MANAGEMENT

16. If the council decides not to conclude a lease the grant agreement conditions cannot be met and the funding will be lost. This will leave the tower the responsibility of the council with no identified budget for its repair and no likelihood of a private sector tenant to pay a market rent for the premises and or take on responsibility for its condition.

17. This could ultimately lead to the council having to undertake emergency repairs if its condition deteriorates further or being required to undertake works by Heritage England if it appears on their “at risk” register. This would also cause reputational damage to the council.

18. If a lease is granted and for whatever reason the grant is not accessed the council will, through the lease, be able to take back control and therefore leave itself in no worse a position. If the building works are completed but over the tenure of the lease the tenant can no longer operate the facility, then the tower would return to council ownership but with the risk and repair costs removed by the works undertaken. If the works agreed and funded by Heritage Lottery are not properly carried out the conditions of the grant will ensure works are overseen and approved before grant payments are made.

EVALUATION

19. The council has supported the bid by Natural Enterprise for the refurbishment of Appley Tower on the understanding that it would be required to grant a lease in order for grant funding to be available. The council is also aware that the proposal is supported by Ryde Town Council and the local community following consultation and engagement over the period of the projects development.

20. If the lease terms cannot be concluded in a timely manner, the grant funding from Heritage Lottery will be lost which will leave one of the islands iconic listed buildings at risk of long term vacancy and disrepair.

DECISION

Option B – to agree to a lease of Appley Tower to Natural Enterprise.