COMPETITION APPEAL TRIBUNAL

NOTICE OF A CLAIM UNDER SECTION 47A OF THE COMPETITION ACT 1998

Case No: 1751/5/7/25

Pursuant to Rule 33(8) of the Competition Appeal Tribunal Rules 2015 (S.I. 2015 No. 1648) (the "Tribunal Rules"), the Registrar gives notice of the receipt of a claim (the "Claim") on 19 September 2025 under section 47A of the Competition Act 1998 (the "Act"), by: (1) Mr Graham Thomas; (2) BEK Developments Ltd; (3) Alleyhaus Ltd; (4) Dales and Moors Developments Ltd; and (5) Masonic Hall Ltd (the "Claimants") against Durham County Council (the "Defendant").

The Claim relates to the decisions of the Defendant concerning the allocation of regeneration funding and related grants in Bishop Auckland.

The Claim challenges the lawfulness, transparency, and proportionality of the Defendant's awards to certain undertakings, including but not limited to STACK and The Auckland Project.

The challenged decisions include: the award of £3.8 million to STACK in 2022 plus an additional £2 million in August 2025; the award of £3.1 million to the Auckland Project – Market Place Hotel – in January 2023; and the award of £887,000 to the Auckland Project – Artist Hub – not publicly disclosed in 2023 and officially awarded on 2 May 2025.

The alleged key irregularities of these decisions include:

(i) For the increased STACK grant, that increase in the grant was awarded without competitive tendering and involved only one bid from its associated contractor;

(ii) For the Market Place Hotel grant, that this grant was only disclosed publicly in April 2025 following the planning submission; and

(iii) For the Artist Hub, that this remains incomplete with no evidence of delivery despite the funding being allocated.

The Auckland Project, the Claim states, also has disproportionate influence within the Stronger Town Board, which raises further concerns of conflict of interest, exclusion, and lack of impartiality in decision-making.

Since 2021, the Claim states that Mr Graham Thomas has engaged with the Defendant regarding regeneration funding. In December 2022, Mr Graham Thomas' company was awarded £315,000 for 47 Newgate Street. The Claim states that Mr Graham Thomas subsequently acquired further properties (Masonic Hall, 69–71 Newgate Street, and submitted information to the Crown Court for The Mechanics Institute) on the basis of representations made by the Defendant that regeneration funding would be available. The Defendant also agreed to fund grants for the commercial unit for Caps off, a local business to open a bar/restaurant in 47 Newgate Street. The Claim states that, in contrast to the decisions referred to above and despite assurances, the Defendant repeatedly delayed and ultimately refused further funding, citing lack of available resources. The Claim further states that evidence shows that the Defendant knew by January 2023 that funds were insufficient to support both the projects of Mr Graham Thomas and the others, yet the Defendant encouraged Mr Graham Thomas to proceed with the acquisitions, causing financial loss.

The Claim alleges that the Defendant's selective subsidies conferred decisive economic advantages on STACK and The Auckland Project, distorting competition in local hospitality, leisure, and cultural markets, contrary to the Act. The Claim further alleges that the awards also meet the definition of subsidies under the Subsidy Control Act 2022 but fail to satisfy principles in Schedule 1, including proportionality, necessity, and minimisation of distortion. The Defendant's failure to conduct any open or transparent process for allocating this funding was contrary to the Public Contracts Regulations 2015, in particular regulation 18. Finally, the

Defendant's opaque processes, failure to publish eligibility criteria, and refusal to allow presentations from competing operators render the decisions unreasonable in the *Wednesbury* sense.

The Claim seeks the following relief:

(i) A declaration that the contested awards constitute unlawful subsidies and/or breaches of competition and procurement law;

(ii) An order requiring the Defendant to recover unlawful subsidies from the recipients;

(iii) An order mandating transparent, competitive allocation of future regeneration funding;

(iv) Compensation for losses incurred, including:

   a. £315,000 grant allocations promised for each of The Masonic Hall, The Mechanics Institute, 69 Newgate Street, and 71 Newgate Street;

   b. Loss of earnings for those properties and directors' time;

   c. Interest accrued on development finance, Vest construction and project costs; and

   d. Insurance, energy and damages.

(v) An order for costs.

Further details concerning the procedures of the Tribunal can be found on its website at www.catribunal.org.uk. Alternatively, the Tribunal Registry can be contacted by post at Salisbury Square House, 8 Salisbury Square, London EC4Y 8AP, or by telephone (020 7979 7979) or email (registry@catribunal.org.uk). Please quote the case number mentioned above in all communications.

Charles Dhanowa CBE, KC (Hon)
Registrar

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