

COUNCIL 11th November 2010
--

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.
----------------------------------	------------------------

TITLE OF REPORT: HITCHIN TOWN HALL/MUSEUM PROPOSALS

**REPORT OF THE STRATEGIC DIRECTOR CUSTOMER SERVICES/PROJECT
EXECUTIVE**

PORTFOLIO HOLDER: COUNCILLOR TRICIA COWLEY

1. SUMMARY

- 1.1 To provide Council with an appraisal of the business plans for the Hitchin Town Hall/Museum proposals, and;
- 1.2 To report on the implications of the Listing of Hitchin Town Hall for these.

2. BACKGROUND

- 2.1 There has been extensive work relating to the future of the North Hertfordshire Museums service and the future of Hitchin Town Hall (HTH) over an extended period starting initially in 2005 and this is detailed in Annex 1.
- 2.2 At the meeting of Council on 11th February 2010 Members considered an initial assessment of the proposal developed by local community groups and instructed officers to commission a feasibility study on this to enable a full comparison with the existing proposal and report back on this at the first available opportunity.
- 2.3 At it's meeting on 28th September 2010 Cabinet agreed to recommend to Council:

'That the Council reviews the situation at its next meeting, and that should the decision on Listing Hitchin Town Hall be further delayed beyond 11 November 2010, Council instructs officers to research and report on alternative options for the future of Hitchin Town Hall and the Museums Service'

3. HITCHIN TOWN HALL/MUSEUM PROPOSALS

Development of Hitchin Initiative's Business Plan

- 3.1 Since the meeting of Council on the 11th February 2010 officers have continued to work with representatives of and advisors to Hitchin Initiative (which is representing a number of local community organisations) to assist in the development of Hitchin Initiative's business plan and the corresponding NHDC business plan in order to provide Members with a comprehensive comparison and assessment of both proposals.

- 3.2 Although Council's initial request was for this to be completed at the earliest opportunity, the application to English Heritage to list Hitchin Town Hall introduced an element of uncertainty as it was not possible to predict the nature of implications of any Listing decision until this had been made. Updates on progress of this work have regularly been provided via Members Information Service on 15th April, 27th May, 14th June, 23rd July, 11th August, 18th October and 2nd November 2010.
- 3.3 A business plan was submitted by Hitchin Initiative on 29th June 2010 and, since then, officers together with the Council's specialist advisors Strategic Leisure have continued to work with Hitchin Initiative to gather the detail necessary to provide adequate assurance that the business plan is operationally and financially sustainable.

Application for Listing

- 3.4 An application for the Listing of Hitchin Town Hall was submitted to English Heritage in approximately November 2009. Although it was anticipated that the decision on this application would be confirmed by July 2010 this did not in fact happen until the 14th October 2010.
- 3.5 The Council received written notice from English Heritage on 15th October confirming that the Town Hall has been listed at Grade II. In England and Wales, listed buildings are classified in three grades:
- Grade I buildings are of exceptional interest, sometimes considered to be internationally important. Just 2.5% of listed buildings are Grade I.
 - Grade II* buildings are particularly important buildings of more than special interest. 5.5% of listed buildings are Grade II*.
 - Grade II buildings are nationally important and of special interest. 92% of all listed buildings are in this class.
- 3.6 A copy of the full Listing decision and assessment report can be viewed at <http://www.heritagegateway.org.uk/gateway/> and a copy of the schedule is attached at Annex 2.
- 3.7 Any applications for planning permission or Listing building consent will need to be assessed by NHDC as the local planning authority. However, initial advice from the Council's Architectural Advisor for the project confirmed that:
- The Listing is applicable to the whole building and its fittings and the description is not intended to note all significant items, however:
 - English Heritage understand the need to maintain buildings in viable use and do not expect listed building to be 'preserved in aspic'
 - Both proposals for Hitchin Town Hall/Museum respect the principal areas of significance: the facade to Brand Street and the Lucas Room and, as a result:
 - Both schemes could be justified via any formal assessment as part of a Listed Building consent application:

- The indicative programme for refurbishment would need to be extended by approximately 12 weeks to accommodate this.
- 3.8 The delay in receiving the decision on Listing has created some difficulties for Hitchin Initiative as, without a firm decision from the Council on their proposal, it has not been possible to make a financial commitment to secure the leasehold of the adjacent property on which their scheme depends.
- 3.9 Hitchin Initiative's proposal envisages substantial financial assistance from the 'Community Builders' fund and an application has been submitted to it. At the time of writing the fund remains open for applications and has now commenced decision making on applications already submitted. It is understood that Hitchin Initiative's grant application is now proceeding and the Group are currently waiting for assignment of a case officer to review and ultimately recommend a decision on the application.

Feasibility Study Outcome

- 3.10 In order to make a like for like comparison between both options detailed costing of the Hitchin Initiative scheme was undertaken as part of the Feasibility Study by the Council's Architectural Advisors Buttress, Fuller, Allsop & Williams and reported to Council in February 2010. In addition, a specialist consultancy Strategic Leisure undertook an analysis of both Hitchin Initiative and the Council's alternative business plans to ensure they provide a sustainable economic forecast and in order to compare like with like.

Architectural Assessment

- 3.10.1 The report taken to Council in February 2010 (copy of which attached as Annex 3) stated that both schemes were architecturally feasible – meeting the brief for space allocation. The schemes have been reviewed in light of the Listing and it is considered that both remain feasible under the constraints of the Listing within the established budget. The main considerations are summarised below:
- The Council Scheme inserts a mezzanine into the hall, respecting the proscenium arch. This is achievable considering the significance and understanding conveyed in the Listing description.
 - The Community Scheme adds a newbuild extension to the street front – this respects the symmetry of the historic façade, and can be achieved considering the Listing.
 - Both schemes respect the Lucas Room as a principal internal space as noted by English Heritage.
 - The schemes both propose continued public use of a public building – the maintained use of a Listed building is recognised by English Heritage as the best way to ensure their long term future.

Business Plans Assessment

3.10.2 A copy of the assessment by Strategic Leisure appears as Annex 4. The key conclusions of the evaluation are:

- The business plans associated with the two options are difficult to compare as the Hitchin Initiative Plan requires growth and the original proposal takes a more cautious approach with a standstill budget and cash flow.
- That the business plan submitted by Hitchin Initiative proposal (Hall Retained Scheme) provides 3 years of accurate and realistic cash flow projections subject to achieving forecast income projections which, in the current economic climate may prove challenging.
- The Hitchin Initiative proposal is dependant on securing grant aid/loan and a decision on this has yet to be made.
- That the original proposal (Gym Retained Scheme) similarly provides accurate and realistic cash flow projections but with significantly lower risk associated with income projections.
- Both proposals meet the overall objectives set out by NHDC in respect of service provision, community use and cost.
- It is possible that both options could produce further savings to the council once detailed designs and management arrangements have been finalised.

Consultation

3.10.3

- (i) The proposals outlined in this report will have been the subject of wide ranging consultation and, in particular, two specifically convened meetings of the Arts, Museums & Heritage Forum's Facilities Working Group. The first of these meetings held on 28th April 2010 considered details of the design and the majority of those present expressed support for the Hitchin Initiative 'Hall Retained' option. A second meeting of the Facilities Working Group is scheduled for 4th November 2010 and a verbal update on this will be provided at your meeting.
- (ii) In addition, Overview & Scrutiny Committee considered the process undertaken to assess both business plans at its meeting on 26th October 2010. Following this provisional arrangements were made for the Committee to meet following publication of this report but, at the time of writing, this had not been decided. Again, an oral update will be provided at your meeting.

Hitchin Gymnasium and Workmans Hall Trust

3.10.4

- (i) Under the terms of the conveyance (which passed the Gymnasium within the Hitchin Town Hall to the former Hitchin UDC) any future use of the Gymnasium must be for use as a Gym or for other purposes mentioned in s6(3) Museums and Gymnasiums Act 1891 and also for any other (charitable) purpose for the benefit of the North Herts District. The Museums and Gymnasiums Act 1891 has been replaced by the Public Libraries and Museums Act 1964 and the Local Government (Miscellaneous Provisions) Act 1976.

- (ii) The future of any property subject to the Trust outlined in paragraph 3.10.4 (i) above will be subject to the consideration by and the formal agreement of, the Cabinet Sub-Committee (Hitchin Gymnasium and Workmans Hall Trust). The Council is the Trustee, however the Cabinet Sub-Committee has been constituted to act on behalf of the Council to consider all matters in connection with the future use, operation and management of the Trust property. Its role is to act exclusively in the best interests of the Trust. Clear separation of the role of the Sub-Committee to consider the Trust property and the roles of Cabinet and Council to consider the remainder of the property must be maintained.
- (iii) Any decision by the Council in relation to the Options outlined in this Report will be subject to the requirements within which the Cabinet Sub Committee operate in administering the Trust. This will impact whether the Cabinet Sub Committee are able to consent on behalf of the Trust to either of the proposals being considered by Council. The Cabinet Sub-Committee are required to consider and have close regard to the Articles and Objectives of the Trust as monitored by the Charity Commission, and have regard to advice and guidance from them. In particular the Charity Commission have issued relevant guidance on the subject of public benefit.

4. LEGAL IMPLICATIONS

- 4.1 Cabinet has responsibility for agreeing policies and strategies other than those reserved to Council. Strategic decisions relating to Museums and Halls are not reserved to Council but in this case because of the potential capital expenditure involved, and in accordance with previous decisions, this matter continues to be presented to Council.
- 4.2 Paragraph 3.10.4 (i) above refers to Acts that give power for local authorities to provide recreational facilities, Museums and Art Galleries. The Trust relating to the Gymnasium may therefore be able to support the use of its property as a Museum and Community Hall/Gym. However this is subject to the Cabinet Sub Committee having to comply with the detailed requirements of the Charity Commission and consideration of advice that it has issued as outlined at paragraph 3.10.4 (iii) above
- 4.3 In addition detailed consideration will need to be given to a range of important issues including appropriate governance arrangements and any proposed management arrangements between the Community Group, Town Hall Trust and Council. Some consideration has been given to these issues, however further consideration is still required in relation to these matters.

5. FINANCIAL AND RISK IMPLICATIONS

- 5.1 The original scheme cost in the capital programme is £3.5m (inclusive of a Resource Centre) and included within this is provision for professional fees relating to appraisal, design and tender stages. Approval for these stages is in place for 2010/11, the timetabling and total amount of this funding will need to be reviewed in line with the outcome of a feasibility study, if Council approval to progress is given.
- 5.2 In deciding to explore the Community Group proposal in further detail funding of up to £20,000 was earmarked to conduct a feasibility study including business plan assessment. The costs of the feasibility study can only be capitalised if the capital scheme proceeds. Should the scheme not proceed, revenue funding will need to be identified to cover the costs.

- 5.3 Estimates for the original proposal considered by Council in December 2009 (referred to as the 'Gymnasium Retained' scheme) confirmed that the proposal for conversion to Hitchin Town Hall to provide a Museum and community facility is £3.44 m. The Community Group proposal (referred to as 'Hall Retained') is expected to cost £4.23 m including the acquisition of the shop site and associated costs. Hitchin initiative have applied for funding for the £790K difference between the two schemes as a grant from the 'Community Builders Fund' which if successful would be provided 40% as grant and 60% as a long term loan. The Initiative envisages that additional income generated through increased usage at the Town Hall would be sufficient to make repayment on this.
- 5.4 The significant capital resources required for this project will require a review of the availability of funding from capital receipts. The current economic climate has delayed progress on asset disposals and as a result it is likely that the Council will need to continually review the capital programme and determine which projects are a priority to be funded by capital receipts and whether prudential borrowing should be used to fund any projects. Given the timescales involved only the fit out element of this work can realistically form part of an external funding bid by the Council which is indicated as a maximum of £1.03m. If the remaining cost of this project were funded through prudential borrowing, by drawing on cash investments, the estimated full year revenue impact at current interest rate levels is a reduction of interest of roughly £50k per annum. The borrowing would also need to be re-paid over a suitable period.
- 5.5 An additional sum of up to £1m may also be needed if plans in the Museum FSR are pursued to re-provide a new Collection Centre. Detailed work will be conducted to re-specify and cost the requirements of this linked scheme if a Hitchin Town Hall Museum project progresses. Because of the reduced requirement in staffing accommodation and storage requirements for both schemes, and in accordance with Cabinet's direction, it is likely that the scale of the proposed collection centre would be significantly reduced.
- 5.6 Financial modelling suggests that significant annual revenue savings of c.£160k per annum could be achieved by implementing either project. These may, however, be offset by the cost of prudential borrowing as detailed in paragraph 5.4.

Table 1: Hitchin Town Hall Museum & Community Venue proposal annual revenue estimates:

Site	Current Revenue Expenditure (including overheads)	Projected Net Expenditure at Hitchin Town Hall if either proposed scheme is progressed
Hitchin Museum	£ 192,280	£ -
Letchworth Museum	£ 224,170	£ -
Other Museum Management costs	£ 196,490	£ 196,490
Hitchin Town Hall	£ 189,440	£ 444,940
Grand Total	£ 802,380	£ 641,430

- 5.7 The Museums FSR suggested a £125,000 savings target in the annual revenue cost of the service in the medium to long term. Both current proposals envisage savings of c.£160,000 to be achieved. In addition with significant community usage being able to be retained at the Hitchin Town Hall site it is expected that many regular hirers could continue to be accommodated, and income from this and savings from having Museums staff on site to administer and operate the building for community use gives a further cost saving.
- 5.8 Table 2 sets out a summary of the estimated efficiencies below. The Hitchin initiative proposal only differs in income projection i.e. this should be a positive figure and should include additional cost of loan repayment.

Table 2: Hitchin Town Hall Museum Proposal: Estimated Revenue Efficiencies

Efficiencies	£,000
Museums Efficiencies	
Staffing	£62,330 *
Buildings	£62,730
Town Hall	
Staffing	£68,000
loss of income	(£32,110)
Total	£160,950

* Included £24,130 savings already achieved; £38,200 to be identified.

- 5.9 Hitchin Town Hall has been identified as needing significant investment to modernise and refurbish costed in the region of £930,000 when last reviewed in 2007, however no funding to do this has been identified.
- 5.10 If either of these proposals are agreed, both Letchworth Museum and Hitchin Museum buildings would be declared surplus to requirements. Covenants exist on both buildings which will restrict opportunities for their reuse. However their closure as public venues will significantly reduce the future investment requirements relating to improved access.
- 5.11 Whilst both proposals contain technical risk associated with building works there is a greater risk associated with the Hitchin initiative's proposal in that; it is dependant on a successful grant aid/loan application and the Initiative's ability to repay this, involves more complex legal agreements and may extend the timescale of the project. The Initiative's income projections in particular are considered in the detailed examination of the business plan in Annex 4.
- 5.12 The specific risks associated with this report are otherwise detailed in paragraph 3.10.2
- 5.13 Work including an initial concept of a feasibility study, detailed feasibility study on behalf of NHDC and corresponding work for the community group proposal, specialist business advice to evaluate the draft business plan has cost £46,920 to date.

6. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 6.1 There are no immediate Human Resources implications arising from this planning stage. If these proposals are progressed, detailed discussions relating to the impact of these plans on staff will be required to take place at the earliest opportunity.
- 6.2 The Council recognises the changing nature of equality legislation and incorporates national legislation and regulations into its policies, procedures and services as appropriate, as set out in the Corporate Equality Strategy.
- 6.3 The Museum FSR Service Improvement Plan was specifically designed to improve accessibility to Museum facilities and in particular to achieve compliance with the provisions of the Disability Discrimination Act. Upper floors of Hitchin and Letchworth Museums and Hitchin Town Hall are all inaccessible to those unable to negotiate stairs, whether due to a disability or other reasons.

7. CONCLUSION

- 7.1 The appraisal of the business plans for both options confirm that they both meet NHDC's stated service and financial requirements at the commencement of the study. However, a higher degree of financial risk is associated with the Hitchin Initiative proposal.
- 7.2 Should Council wish to proceed with either Scheme, it will be subject to a number of issues including agreement with community groups, Trust agreement, planning permission and listed building consent.

8. RECOMMENDATIONS

- 8.1 Council is requested to consider the contents of this report and determine whether it wishes to proceed with either of the options outlined subject to necessary agreements and consents.
- 8.2 Should Council wish to take forward either scheme, it instructs officers, in consultation with the Portfolio Holder, to report to the Trust to seek its agreement to proceed.

9. CONTACT OFFICERS

Author

- 9.1 **Project Board Executive**
John Robinson
Strategic Director Customer Services
Tel: 01462 474655
John.Robinson@north-herts.gov.uk

Contributors

- 9.2 Lynn Saville
Head of Cultural & Community Services
Tel: 01462 474530
lynn.saville@north-herts.gov.uk

- 9.3 Tim Neil
Accountancy Manager
Tel: 01462 474461
Tim.neil@north-herts.gov.uk
- 9.4 Katie White
Corporate Legal Manager
Tel: 01462 474315
Katie.white@north-herts.gov.uk
- 9.5 Ros Allwood
Museums Manager
Tel: 01462 435197
Ros.allwood@north-herts.gov.uk

10. APPENDICES

- 10.1 Annex 1 Background/Resolutions of Council and Cabinet
- 10.2 Annex 2 Hitchin Town Hall: Listing Schedule
- 10.3 Annex 3 Report to Council 11th February 2010: Hitchin Town Hall/Museum – Community Group Proposal
- 10.4 Annex 4 Assessment of Business Plans, Strategic Leisure, October 2010

11. BACKGROUND PAPERS

- 11.1 Report to Cabinet 23rd August 2005 on the Findings of the Review of the North Herts Museums Services.
- 11.2 Draft Collections Centre Business Case submitted to the Museums Project Board, 5th March 2008.
- 11.3 Report to Cabinet 27th January 2009 on the Future of Museums Services.
- 11.4 Cragg Management Services report on the possible relocation of North Hertfordshire Museums to Hitchin Town Hall- Annex 2, Cabinet 19th May 2009
- 11.5 Hitchin Town Hall Museums Feasibility - Options Appraisal Report, 3rd September 2009
- 11.6 Report to Council on 3rd December 2009: Hitchin Town Hall Museum Feasibility Study Outcomes and Actions Arising
- 11.7 Report to Council on 11th February 2010: Hitchin Town Hall/Museum Community Group Proposal
- 11.8 Report to Cabinet on 28th September 2010: Hitchin Town Hall/ Museum Proposals

