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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 Cabinet with an update on progress with the Hitchin Town Hall/Museum proposals and the examination of the associated business plans.
- 1.2 To provide an update on the application for listing Hitchin Town Hall and the implications for reporting the outcome of the business plan review to Council as instructed, and:
- 1.3 To determine whether Cabinet wishes to make any recommendation to Council as a result of this.

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 comparisons with the existing proposal and report back on this at the first available opportunity.
- 2.3 This report summarises work completed to date and provides an update on the implications of the outstanding decision for the application for HTH to be listed.

3. HITCHIN TOWN HALL/MUSEUM PROPOSAL

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 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 and reported by September 2010, the application to English Heritage to list Hitchin Town Hall introduced an element of uncertainty as it is not possible predict the nature of implications of any listing decision until this has 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 and 11th August 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. At the time of writing a relatively small number of queries remain outstanding which is anticipated will have been provided by the date of your meeting and a verbal update on this will be provided.

Application for Listing

- 3.4 An application for listing was submitted to English Heritage in approximately November 2009. Initial advice from English Heritage was that the decision would be confirmed by July 2010 although this did not happen and the latest position advised by English Heritage suggests that a decision should be available by the end of September 2010. Officers are, however, mindful that this timetable is not a commitment to provide a decision by that date as other more urgent applications may take priority.
- 3.5 Again, a verbal update on the current situation will be provided at your meeting.
- 3.6 Whilst it is not possible to accurately predict whether the listing application would be approved and, if so, what conditions may be attached to it. However, the general advice from the Council's consultant architects who are experienced in developing heritage projects in listed buildings is that both proposals are unlikely to be fundamentally affected by the listing decision. This is because design modifications would ordinarily be capable of satisfying the requirement of English Heritage in any subsequent planning application.
- 3.7 Hitchin Initiative have indicated that, whilst understandable, the delay is causing difficulty in the acquisition of the adjacent property which would be necessary to complete their scheme as this is now being actively marketed. Pending a decision from Council, Hitchin Initiative are unable to make firm financial commitments to secure their interest.

- 3.8 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 but has imposed a temporary pause on grant awards pending confirmation from government about the future of the scheme. Officers will provide an update on the latest position at your meeting.
- 3.9 Bearing this in mind, Cabinet may wish to consider whether to recommend to Council that it proceeds with its decision between the two schemes under consideration bearing in mind that to do so would create some risk, primarily that any listing decision may impose conditions which would require additional redesign and incur costs in doing so

Options

- 3.10 In view of this Cabinet may wish to consider:
- Advising Council that the delay in determining the decision on listing Hitchin Town Hall will entail a further delay in reporting on the detailed business plan of both proposals or:
 - Advising Council that a decision could be taken prior to the decision on listing

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 are because of the potential capital expenditure involved, and in accordance with previous decisions, this matter will be determined by Council.
- 4.2 The other detailed legal considerations relating to this work were detailed in relevant reports listed in paragraph 13.

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. The Community Group has proposed that they would apply for a £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 Group 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 and whether it would be desirable for the Council to fund the project through prudential borrowing. 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.
- 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.

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 Community Group proposal only differs in income projection i.e. this should be a positive figure and should include additional cost of loan repayment although this is yet to be fully quantified.

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 Museums 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 Community Group's proposal in that; it is dependant on a successful grant aid/loan application and the Group's ability to repay this, involves more complex legal agreements and would extend the timescale of the project, although this is difficult to quantify at this stage. The Community group's income projections in particular are currently subject to detailed examination as part of the current feasibility study.
- 5.12 The specific risks associated with this report are detailed in paragraph 3.6-3.9.
- 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 Currently 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 scheme 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. RECOMMENDATION

- 7.1 Cabinet is requested to consider the options set out in paragraph 3.10 and determine whether it wishes to refer either to Council for information/decision.

8. CONTACT OFFICERS

Author

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

Contributors

- 8.2 Lynn Saville
Head of Cultural & Community Services
Tel: 01462 474530
lynn.saville@north-herts.gov.uk
- 8.3 Tim Neil
Accountancy Manager
Tel: 01462 474461
Tim.neil@north-herts.gov.uk
- 8.4 Katie White
Corporate Legal Manager
Tel: 01462 474315
Katie.white@north-herts.gov.uk

9. APPENDICES

- 9.1 Annex 1 Background/Resolutions of Council and Cabinet

10. BACKGROUND PAPERS

- 10.1 Hitchin Town Hall Museums Feasibility - Options Appraisal Report, 3rd September 2009
- 10.2 Report to Cabinet 23rd August 2005 on the Findings of the Review of the North Herts Museums Services.
- 10.3 Draft Collections Centre Business Case submitted to the Museums Project Board, 5th March 2008.

10.4 Report to Cabinet 27th January 2009 on the Future of Museums Services.

Cragg Management Services report on the possible relocation of North Hertfordshire Museums to Hitchin Town Hall- Annex 2, Cabinet 19th May 2009

10.5 Report to Cabinet on 20th October 2010: Hitchin Town Hall Museum Feasibility Study Update

10.6 Report to Council on 3rd December 2009: Hitchin Town Hall Museum Feasibility Study Outcomes and Actions Arising

10.7 Report to Council on 11th February 2010: Hitchin Town Hall/Museum Community Group Proposal

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