REPORT PRESENTED TO COUNCIL ON 23 APRIL 2013

PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.

NORTH HERTFORDSHIRE MUSEUM & COMMUNITY FACILITY
HITCHIN TOWN HALL LTD: PROPOSAL FOR THE INCLUSION OF 15 BRAND STREET

REPORT OF THE STRATEGIC DIRECTOR OF CUSTOMER SERVICES & PROJECT EXECUTIVE

PORTFOLIO HOLDER: COUNCILLOR TRICIA COWLEY

1. SUMMARY

1.1 To consider a proposal submitted by Hitchin Town Hall Ltd (HTH Ltd) for the inclusion of 15 Brand Street into the existing project to renovate the Town Hall and create a new Museum for North Hertfordshire and determine whether Council wishes to proceed with this or continue with the agreed development.

2. RECOMMENDATIONS

Council is recommended to:

2.1 Consider and note the contents of the Part 2 report prior to consideration of recommendations 2.2, 2.3 and 2.4.

2.2 **Either** agree to the inclusion of 15 Brand Street into the development as described in the body of this report ~~and on the draft Deed of Variation (Appendix 6)~~ and if this is agreed to do so on condition that:

2.2.1 Significant changes to the layout from those illustrated at Appendix 3 will not be considered unless there was significant benefit to the Museum and that no significant additional costs or delay to the project would occur, and:

2.2.2 Any conditions required by ACF are achievable within the Council's assessed programme and financial estimates detailed in paragraphs 8.25 and 10 and, subject to this;

2.2.3 "Authority is delegated to the Strategic Director of Customer Services, in consultation with the Strategic Director of Finance Policy and Governance, the Portfolio Holder for Community Engagement and Rural Affairs and the Contracts Solicitor, to agree any required variations to any Legal Agreements to incorporate the proposed changes to the scheme."

2.3 Further agree the necessary expenditure from the Capital Programme of £100,000 to finance the Council's contribution and delegate authority to officers to enter into the necessary legal agreements.

2.4 **Or** decline the proposal to include 15 Brand Street in to the development and proceed with the existing scheme in accordance with the approved Development Agreement.

3. REASONS FOR RECOMMENDATIONS

3.1 To provide Council with the option of proceeding with the agreed development or accepting the variation incorporating 15 Brand Street.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 No alternative options were considered as the report deals with a specific proposal made by Hitchin Town Hall Ltd.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 The Portfolio Holder for Community Engagement & Rural Affairs has been consulted on the detail of this report and arrangements for informal scrutiny by and briefing to political groups has been offered to Group Leaders. A workshop for all Councillors to provide an opportunity to consider this report in detail has been arranged immediately prior to Council Any significant feedback from these consultations will be reported verbally to your meeting.

6. FORWARD PLAN

6.1 As the proposal does not form part of the Council's overall policy framework for 2013/14 and because of the scale of the funding involved, this decision is presented to full Council and is therefore not a 'key decision' and has not appeared in the Forward Plan.

7. BACKGROUND

7.1 On 15th October 2012 Council agreed to enter into a Development Agreement with Hitchin Town Hall Ltd for the development of a new North Hertfordshire Museum and Community Facility at Hitchin Town Hall. In doing so it resolved:

(1) That a loan to Hitchin Town Hall Limited be agreed on the terms set out in Paragraph 4.10 of the report;

(2) That the changes to the Development Agreement and associated documents set out in Paragraphs 4.7, 4.8, 4.9 and 5.6 of the report and other minor changes incorporated into the Development Agreement, Lease, Community Use and Management Agreement and Management Agreement between the Council and the Trust, be agreed; and

(3) That Officers be authorised to enter into the necessary legal agreements.

7.2 The decision making history of this project which stretches back 2005, is fully referenced in paragraph 17 "Background Papers" .

7.3 The Development Agreement (clause 4.7) with Hitchin Town Hall Ltd requires that:

"The parties remain committed to the exploration of an expanded future scheme that may include the remainder of 15 Brand Street to form this community facility and agree to consider a variation of this agreement should this be possible within the funding available at the time and is agreed between the parties to be viable and achievable".

7.4 Hitchin Town Hall Ltd resurrected a proposal, first mooted in 2011 but not then taken forward, as part of the negotiating process on the Development Agreement in August 2012.

7.5 Officers have provided informal feedback to Hitchin Town Hall Ltd as the scheme developed at meetings between October 2012 and January 2013 and a formal proposal was received on 14th January 2013. Following receipt of this proposal further meetings to negotiate and clarify particular elements were held during the course of March and April 2013.

7.6 As it became apparent that negotiations would not conclude prior to the agreed date for the award of the construction contract for the agreed scheme, and with the agreement of HTH Ltd and Adventure Capital Fund (ACF) HTH Ltd's lenders, the Chief Executive authorised the delay of the award of contract to the end of April to allow:

- Hitchin Town Hall Ltd and NHDC to conclude negotiations on an amended Development Agreement to include 15 Brand Street for consideration by NHDC (full Council)
- Preparation of a report for Council and the Gymnasium and Workman's Hall Trust together with the required public notice of the meetings to be issued
- Consideration by both the Council and Gymnasium and Workman's Hall Trust of the proposal
- Either: the development of a detailed timetable for delivery of 15 Brand Street for discussion with ACF if this is agreed, or: mobilisation of the successful contractor for the original scheme incorporating 14 Brand Street only.

7.7 This report provides an outline of the proposal submitted by Hitchin Town Hall Ltd together with an assessment of the relevant issues, any further approvals which may be necessary to expand the project and a request that Council determines whether to agree to this or proceed with the agreed scheme. The report does not provide a positive recommendation for either option as the new proposal is substantially different from that already approved.

8. PROPOSAL FOR THE INCLUSION OF 15 BRAND STREET: ISSUES

Summary

8.1 The proposal from Hitchin Town Hall Ltd is attached as Annex 1. Members are asked to note, however, that during the course of further dialogue with HTH Ltd a number of the elements were modified and a commentary on these changes and the proposals more generally is provided the Annex. The key issues are detailed below:

- The incorporation of 15 Brand Street to enlarge the museum entrance would provide an improved architectural aesthetic and visitor experience. The proposal is strongly supported by Hitchin Town Hall Ltd and the Community Groups it is representing.

- Hitchin Town Hall Ltd would be committed to invest an additional sum of up to £180k to acquire 15 Brand Street with vacant possession but, in addition:

- In overall terms the proposal would require NHDC to make a further financial commitment of approximately £100,000 and, as such, is not "possible within the funding available at the time" in accordance with the requirements of the development agreement (clause 4.7) detailed in paragraph 7.3 above.

- The proposal will entail a delay of approximately 4 months in delivery of the scheme and the forecast revenue savings to NHDC would not be achievable as originally projected from November 2014.

- The proposals would require design work and re-specification to bring them to the position where they could be used as the basis for implementation and a number of the associated procurement risks are detailed in the part 2 report.

- Hitchin Town Hall Ltd's aspirations to accommodate additional design changes to relocate museum storage and other elements may create additional risk as these aspirations have not been fully developed or agreed but are being promoted by a small number of local organisations, however:

- The formal proposal makes it clear that the internal layout of the extended museum entrance is a matter for NHDC to determine. The design, cost estimates, revised programme and draft amendments to the Development Agreement contained in this report have been based on this and are outlined in paragraphs 8.26 – 8.28.

- Confirmation of arrangements by ACF will be required before the proposal could be formally agreed and it is uncertain at this stage whether ACF would be prepared to grant an extension that would be acceptable to NHDC

- Whilst improving the appearance of the museum building, and increasing the functionality of the museum entrance, the broader additional "social benefits" are relatively minor

- If accepted, the proposals would entail acceptance of additional risk by NHDC in terms of financial scale of the project although in construction terms this would make the build more straight forward. Hitchin Town Hall Ltd too would be exposed to additional financial risk but would deliver a key community aspiration.

- Procurement of a construction contractor and exhibition designer has been completed in line with NHDC's obligations under the existing Development Agreement. Tenders meeting the quality and price criteria have been received and, as such, NHDC is in a position to proceed with the approved scheme.

Agreed Development

8.2 The agreed development project timescale appears below:

Stage four 10/12/03 - 28/03/13	Date completed
Construction contract	
Advertise contract	End of December 2012
Expressions of interest	7th January 2013
Evaluate expressions of interest	18th January 2013
Draft Tender document	17th January 2013
Formalise Tender document	2nd February 2013
Tender period	4th February 2013 – 15th March 2013
Evaluate Tenders	15th March 2013
Award contract	***28th March 2013 ****
Exhibition designer	
Evaluate PQQ's	4th January 2013
Produce specification and tender documents	18th January 2013
Tender	28th February 2013
Evaluate tenders	15th March 2013

Next stage 01/04/13 – 31/07/13	Completed by
Construction contract	
Mobilisation	3rd May 2013
Start on site	6th May 20013
Exhibition designer	
Project Executive sign off	5th April 2013
Appoint exhibition designer	***18th April 2013 ****
Mobilisation	2nd May 2013
review collections	25th July 2013

Note: * Appointment of construction and exhibition design contractors delayed pending consideration of this report

8.3 As outlined in paragraph 7.6, the award of contract to the successful construction contractor, which is valid and within budget, has been delayed by agreement of the parties by the Chief Executive under his emergency powers. Tenderers have been advised of the delay in the award of contract and, should Council decline the HTH Ltd proposal for the incorporation of 15 Brand Street, the obligation to proceed with the agreed development albeit with one month delay, remains.

8.4 The museum exhibition designer has now been chosen from a short-list of seven. The successful firm has been notified that there will be a short delay in the award of contract. Currently the aim is for the fit-out designer to work with NHDC officers to submit the Stage 2 Heritage Lottery Fund (HLF) bid by 5 August 2013, for decision at a meeting on 28th November 2013. Under current HLF rules, the latest date NHDC can submit the Stage 2 bid is 11th November 2013, for decision at a meeting on 6th March 2014.

Relationship to the Development Agreement

8.5 Clause 4.7 of the Development Agreement requires "*the parties (to) remain committed to the exploration of an expanded future scheme that may include the remainder of 15 Brand Street to form the community facility and agree to consider a variation of this agreement should this be possible within the funding available at the time and is agreed between the parties to be viable and achievable"* The Parties have remained committed to exploring this option and considerable effort has been expended in considering, negotiating and clarifying the variation suggested by Hitchin Town Hall Ltd.

8.6 Turning to the specific criteria detailed in 4.7 of the Development Agreement Council is advised:

- That the funding currently available within the approved budget would not be sufficient to cover the increased costs to the Council of approximately £100,000. Hitchin Town Hall Ltd have indicated that their costs are estimated at a maximum of £180,000 for the acquisition of 15 Brand Street and the compensation payment to the current tenant, would be secured from a combination of donations and loans.

- Officers consider that the proposal is viable as the physical amendments to the scheme are technically feasible, do not entail significant additional running costs and would enhance the appearance of the Museum entrance providing a more amenable customer experience and some additional display space for non sensitive items.

- The proposal may be achievable subject to the necessary funds being made available and the agreement of ACF to the terms and timescales acceptable to the Council. Achievability will also be dependant on Hitchin Town Hall Ltd's ability to secure £180,000 of donations/loans to finance the acquisition of 15 Brand Street within the timescales required to them.

Design concept

8.7 The Planning and Listed Building Consent applications for the inclusion of 15 Brand Street provided an illustration of the amended building frontage and this is reproduced in Annex 2. The worked up internal sketch plan by the Council's architect BFAW illustrating the internal layout appears in Annex 3. For comparison, the agreed layout for the approved development is illustrated by the lease plan (ground and first floors only) is attached as Appendix 4.

8.8 The inclusion of 15 Brand Street into the scheme would enhance the Museum by providing:

- Improved visual aesthetic resulting from the wider and more commanding frontage
- Enlarged entrance area giving increased space for visiting groups, improved circulation space and appearance
- Slightly larger first floor area, giving more scope for community exhibitions and displays outside the most secure museum space
- A café which remains proportionate, viable and complementary to the main function of the building as a museum

8.9 The "social benefits" highlighted by HTH Ltd in their proposal are set out in Annex 1 and are accompanied by a commentary on each. In general terms it is not considered that the proposal provides significant "social benefit" as described other than a possibility that an expanded entrance to the museum will improve footfall.

8.10 Council is reminded that the purpose of this project was to provide a new museum for the district and a sustainable long term future for Hitchin Town Hall. Further changes from the design concept are likely to reduce the quality of the museum in terms of the visitor experience and reduce the overall space available for museum purposes.

8.11 As highlighted in paragraph 8.1 above, dialogue with HTH Ltd and a number of community organisations, the planning application and indeed the proposal itself have given the impression that the proposal would provide an opportunity to make significant changes to the internal layout of the museum storage facility and allow for the expansion of the stage, changing areas and café. Many of these changes were viewed to be incompatible with the design objectives incorporated in to the original scheme and HTH Ltd have confirmed that the internal layout is entirely a matter for NHDC to determine, albeit with input from HTH Ltd in line with the agreed liaison provisions.

8.12 HTH Ltd have, however, also made it clear that their ambitions for such changes remain and Council is advised that this continues to present a significant risk to the project as potential delays could be caused by efforts to re-negotiate or query the agreed approach. For this reason, if Council is minded to agree to the proposal it is recommended that this is on the basis that significant changes to the internal layout from those illustrated in Appendix 3 would not be considered unless there was significant benefit to the museum facility and no additional cost or delay to the project would occur. Additional commentary is provided at paragraphs 3.3 – 3.4 of the Part 2 report.

Design, Construction & Procurement

8.13 As part of the analysis of the 15 Brand Street scheme, Buttress Fuller Alsop Williams, architects for the project and Appleyard & Trew – Cost Consultants carried out a comparison with the scheme which incorporates only 14 Brand Street.

8.14 This analysis identifies an additional cost of £73,528 for the building works and would also require further design costs to bring a second scheme up to the level of detail required to allow it to be costed by a building contractor. Design costs are illustrated below.

8.15 The most significant changes to the second scheme is the additional space afforded by the incorporation of 15 Brand Street, this increases the street presence of the new entrance and would allow a small forecourt to be created by omitting the steps from in front of the building. Whist this simplifies the external aspects of the scheme, it creates accessibility issues to both the entrance of the listed Town Hall, which no longer has a stepped and ramped entrance arrangement, but also pushes the change in level to the inside of the entrance lobby. Access in this scheme by a wheelchair or pushchair is reliant on a platform lift, increasing the maintenance burden of the project.

8.16 The internal foyer is far lighter and more airy as a result with more space for larger parties of visitors to congregate, but it is proposed that this function of this space is not altered. On the first floor an additional area is proposed. It was considered if this space could be used for the local studies centre, but the space is not big enough to house the study centre, and associated storage. As a result, the location of the study centre remains unchanged. The result is that the additional space accommodates a 21m sq display area.

8.17 HTH also hoped to rearrange the stage area, removing the reduced stage size and associated storage, but as their scheme as submitted for Planning and Listed Building consent did not accommodate this alteration of the internal arrangement and associated issues of sound impacts on local residents, and due to the inability to house this storage elsewhere in the scheme, consequently the increased stage has not been incorporated.

8.18 The costs associated with the incorporation of 15 Brand Street assessed by the Design Team, can be split down as follows:

Additional Building works	£41,985.00
Additional Services installations	£25,363.00
Drainage and Externals savings	-£7,920.00
Additional Scaffold costs	£5,000.00
Contingency	£7,000.00
Inflation	£2,100.00
Additional Design Fees	£20,000.00
Consultancy Costs incurred	£6,862.50
Total	**£100,390.50**

8.19 There are a number of risks involved in the incorporation of 15 Brand Street into the Scheme. The main ones identified by BFAW are:

- The additional time involved in the development of the scheme will delay the projected cost savings.
- The negotiation with a single successful contractor may not provide the cost benefits which are suggested.
- The party wall negotiations with the owner of 16 Brand Street may become more complex – incurring costs and delays which have not been accounted for.
- There is prolonged public confusion over which scheme is being developed.

8.20 The additional charge for developing the 15 Brand Street Scheme from the existing RIBA Stage C to the current position of the 14 Brand Street Scheme - RIBA Stage H is £20,000. It should be noted that the structure to the front entrance will have to be redesigned, services redesigned, and the bill of quantities re-written. In addition, time has been spent on the evaluation and costing of the 15 Brand Street Scheme costing £6,862.50 of consultants time to date.

8.21 The procurement issues connected with the inclusion of 15 Brand Street are set out in paragraphs 3.14 – 3.19 of the Part 2 report.

Gymnasium Workmans Hall Trust

8.22 It would be necessary to secure the agreement of the Gymnasium Workmans Hall Trust for this proposal to proceed.

8.23 The proposed transfer of 15 Brand Street or the site of 15 Brand Street will need the approval of the trustees and this will require independent property advice at an estimated cost of £500 - £1000.

8.24 Arrangements have been made for this advice to be provided and meeting of the administrators to the Trust (Cabinet Sub Committee) has been arranged for 22nd April 2013.

8.25 The management agreement between NHDC and the Trust would need to be amended to reflect the changes in the development agreement and associated documents should any proposal be accepted and is agreed by both parties.

Incorporating 15 Brand Street

8.26 If Council is minded to incorporate 15 Brand Street, the estimated revised project plan has been assessed as follows:

Task	Duration	Start	Finish
Council & Trust to agree15 Brand Street	14 days	04/04/2013	23/04/2013
Negotiate new DA and legal approval	14 days	04/04/2013	23/04/2013
ACF to agree to extension and conditions	1 wk	24/04/2013	30/04/2013
BFAW lead in time	3 wks	01/05/2013	21/05/2013
2 weeks contingency	2 wks	22/05/2013	04/06/2013
Design	27.5 days	05/06/2013	12/07/2013
Review existing scheme for statutory compliance	0.5 wks	05/06/2013	07/06/2013
Develop revised areas to stage E	2 wks	07/06/2013	21/06/2013
Redevelop affected adjoining areas to stage E	0.5 wks	21/06/2013	25/06/2013
Develop revised areas to stage F	2 wks	26/06/2013	09/07/2013
Redevelop affected adjoining areas to stage F	0.5 wks	10/07/2013	12/07/2013
Revise Bill of Quantities	2 wks	12/07/2013	26/07/2013
Negotiate with preferred contractor	3 wks	26/07/2013	16/08/2013
Contractor Mobilisation	5 wks	16/08/2013	20/09/2013
Start in site	0 days	20/09/2013	20/09/2013
Construction period	55 wks	20/09/2013	10/10/2014
fit out works (community)	4 wks	10/10/2014	07/11/2014
Museum fit out	12 wks	10/10/2014	02/01/2015
object insulations	8 wks	02/01/2015	27/02/2015
2 weeks contingency	2 wks	27/02/2015	13/03/2015
Public opening	1 day	13/03/2015	16/03/2015

8.27 These dates have been built in to the draft Deed of Variation ~~appended to this report~~. It should be noted, however, as detailed elsewhere, that the inclusion of 15 Brand Street increases the complexity and therefore the risk of not adhering to this timetable which is subject to agreement by Hitchin Town Hall Ltd's funders, ACF.

8.28 The Project Team envisages a four month extension is likely to be required to make arrangements to include 15 Brand Street in the scheme. To accommodate this extension, the Deed of Variation to the Development Agreement ~~(attached in Appendix 6)~~ would add four months to all relevant timescales. In particular, the target completion date would be 16th March 2015 instead of 14th November 2014. Changes would also be required to documents appended to the Development Agreement to ensure they include reference to 15 Brand Street.

8.29 The key changes to the Development Agreement would be as follows:

8.29.1 The scope of the development would be expanded to include 15 Brand Street in the scheme.

8.29.2 The Council would have until 30th September 2013 to procure the main building contractor. Within 10 working days after this date, HTH Ltd would complete the purchase of 14 Brand Street and the Council would formally award the building contract. Both events would occur simultaneously.

8.29.3 Documents annexed to the Development Agreement such as Leases, option agreements and plans would be updated to include 15 Brand Street.

8.29.~~5~~4 The Planning Permission for 15 Brand Street was granted in February 2013 and the Development Agreement would include reference to this planning permission.

8.30 A significant amount of legal resource has been allocated to prepare a draft Deed of Variation to the Development Agreement and review associated documents. Legal resource would also be needed for making arrangements to include 15 Brand Street, in particular to formalise contractual arrangements.

8.31 If the project is extended, Museum staff will continue their work on the collections, particularly the many thousands of items stored at the Burymead Resource Centre. A delay would allow more items to be photographed and catalogued for inclusion on e-Hive, the forthcoming digital database, as well as giving time for research. There is an ongoing programme of cleaning, auditing and re-packing the museum objects, which would continue.

Adventure Capital Fund Agreement

8.31 Hitchin Town Hall Ltd have advised that ACF would need to provide formal agreement to the variation of its loan agreement with ACF and such conditions may include , stipulations about the amount of time it would allow for the completion of any amended scheme. As noted in paragraph 8.6 and 8.26, it is important that such conditions and, in particular timescales, are acceptable to the Council in accordance with the outline programme and financial constraints set out in this report and this is reflected in the recommendation should Council wish to accept Hitchin Town Hall Ltd's proposal. ACF will be asked to comment on whether the Council's assessed timescale would be acceptable and a verbal update will be provided at your meeting.

Conclusions

8.32 The offer put forward by Hitchin Town Hall Ltd is undoubtedly a generous one. Hitchin Town Hall Ltd would be prepared to commit approximately £180,000 of expenditure to improve the aesthetic of the new museum building and provide improved functionality for the entrance and expanded display space. The project would provide for a more straight forward construction and improved opportunities for a range of activities in the expanded gallery for both NHDC and Hitchin Town Hall Ltd. Finally, the proposal is consistent with the Gymnasium & Workmans Hall Trust objectives and would vest ownership of the expanded element of the building to the Trust.

8.33 However, the proposal would increase the amount of time necessary to conclude the building and simultaneously increase costs and delay the achievement of forecast savings. The Council would need to accept a greater degree of risk not least that arising from potential dissatisfaction with the internal layout and procurement issues more fully detailed in Part 2.

8.34 In overall terms the proposal to incorporate 15 Brand Street is, subject to the risks outlined in this report, achievable but a fully designed and agreed original scheme is at an advanced stage of procurement and is capable of being delivered at no additional cost or risk.

8.35 The Council is therefore requested to consider both options as being viable, although not directly comparable, and this is reflected in recommendations outlined in paragraph 2.

9. LEGAL IMPLICATIONS

9.1 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.

9.2 The General Power of Competence contained within the Localism Act 2011 came into force on 18 February 2012 and effectively replaced the previous wellbeing powers. The statutory General Power of Competence gives a local authority the power to do "anything that individuals generally may do". Section 1(4) of the same Act confirms that in using such power the local authority may do so for the benefit of the authority, its area or persons resident in its area. This power is relevant when confirming that the Council has power to enter into the Legal Agreements set out in detail in this Report.

9.3 The Public Libraries and Museums Act 1964 and the Local Government (Miscellaneous Provisions) Act 1976 confirms the Council's statutory power to operate a Museum. S111 of the Local Government Act 1972 confirms that a local authority has power to do any thing (including in relation to finance and property) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

9.4 When considering the proposed Lease, Section 123 of the Local Government Act 1972 gives a Local Authority the power to dispose of land provided that it does so for the best price reasonably obtainable. The consent of the Secretary of State is required for any disposal where the consideration is less than the best that can reasonably be obtained, and the Secretary of State has issued a general consent in this regard (the General Disposal Consent 2003). Under the general disposal consent a Local Authority can dispose at less than best consideration if:

a) The local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or all or any persons resident or present in the area;

   i) The promotion or improvement of economic well-being;
   ii) The promotion or improvement of social well-being;
   iii) The promotion or improvement of environmental well- being; and

b) The difference between unrestricted value of the land to be disposed of and the consideration for disposal does not exceed £2,000,000

10. FINANCIAL IMPLICATIONS

10.1 As reported previously to Members the current approved project is included as a scheme in the approved capital programme. The total estimate for the construction of £4.23 million reflects estimates available at the time of Council approval in November 2010. There is a risk that building costs will have increased since November 2010. Efforts have been made to mitigate this risk when tendering for the construction contract by making allowable changes to the specification to control spend within the budget. The financial regulations allow the Project Executive to authorise spend above the budget by £25,000 or 10% (whichever is the lesser). If it is anticipated project costs will exceed this overspend a further report would need to be submitted to Members.

Risk	Risk Likelihood	Range of Risk Value	% Allowance	Assessment of Risk Value
The Council pulls out from the project before completion	L	£0k - £40k (HTH Ltd costs) & £154k - £2.5 million (project costs to be funded from Council resources)	0	0
The facility is not ready for opening on the agreed date in the Development Agreement	H	£20k - £50k (per quarter – HTH Ltd costs)	50%	£18k* (per quarter)
HTH Ltd do not repay the loan for legal fees	M	£0K - £20k	25%	£5k*
The HLF stage 2 application is not successful	M	£0k - £831K	25%	£208k
When tendered the construction and fit out costs are higher than expected and the project cannot be completed within budget	M	£0k - £850k (higher value represents a 20% overspend)	25%	£213k
Procurement Challenge leading to a delay in completion and legal costs.	L	£20k - £50k (per quarter – HTH Ltd costs)	0	0
Total		**£224k - £4.75 million**		**£444k**

As at the end of March 2013 the Council has spent a total of £245k on the project since work began in

The financial risks of such a complex project are numerous but the following table (as provided to Members in October) attempts to summarise the key elements in the current scheme using the Council's method of assessment for known financial risks used in the budget setting process. When setting the Council's budget for 2013/14 the risk value of £444k was included as part of the General Fund minimum fund balance recommendation. A low risk is defined as 'unlikely', medium as 'possible' and high as 'likely'. This compares to a total balance for known financial risk of £890k in 2012/13. Officers have endeavoured to mitigate risks within the terms of the Development Agreement where possible but it is clearly not possible to provide absolute certainty on this point.

10.4 It is anticipated the additional direct cost to the Council of incorporating 15 Brand Street would be £100,000. Hitchin Town Hall Ltd have indicated that their additional costs are estimated at a total of £180,000 for the acquisition of 15 Brand Street. This will be funded by benefactors by way of a donation and long term unsecured loans to be repaid at the end of the ACF loan period at the discretion of HTH Ltd. The total estimated project cost of the revised scheme incorporating 15 Brand Street would be £4.81 million. The source of funding of this revised scheme and the current scheme are demonstrated in the following tables:

Current Scheme:

Funding Source	Amount £'000	% of Total Estimated Project Cost
Council Resources (Capital Receipts / Prudential Borrowing/section 106)	2,606	57%
Section 106 (estimated)	120	3%
HLF grant (stage 1)	123	3%
HLF grant (stage 2)	831	18%
Total Council Funding	**3,680**	**81%**
Adventure Capital Fund Grant and Loan)Community Builders Grant/Loan	550	12%
Total Estimated Project Cost	**4230**	
HTH Ltd Purchase of 14 Brand Street (Adventure Capital Fund Grant and Loan)	**300**	**7%**
Total Estimated Project Cost	**4,530**	**100%**

Proposed Scheme Including 15 Brand Street:

Funding Source	Amount £'000	% of Total Estimated Project Cost
Council Resources (Capital Receipts / Set Aside Receipts)	2, 706	57%
Section 106 (estimated)	120	2%
HLF grant (stage 1)	123	3%
HLF grant (stage 2)	831	17%
Total Council Funding	**3,780**	**79%**
HTH Ltd contribution (Adventure Capital Fund Grant and Loan)	550	11%
HTH Ltd Purchase of 14 Brand Street (Adventure Capital Fund Grant and Loan)	300	6%
Unsecured loan/donation to HTH Ltd	180	4%
Total HTH Ltd Funding	**1.030**	**21%**
Total Estimated Project Cost	**4,810**	**100%**

10.5 The financial risks (as summarised in 10.3) will remain if Members are minded to adopt the proposed scheme incorporating 15 Brand Street. The proposed scheme is a larger project (the estimated spend is 7% higher) which will, therefore, have an inherent larger financial risk in terms of potential overspend. The other changes to the existing financial risks are around the potential delay in the delivery of the new facility beyond the current project plan. This will delay the delivery of the Council's running cost savings and may potentially increase the likelihood of the Council having to pay the ACF loan interest, holiday interest and capital loan repayments and reasonably and properly incurred operational expenses by HTH Ltd, as described in the Development Agreement.

10.6 The largest assumed source of funding for this project is from the use of Council resources, either via useable capital receipts or set aside capital receipts. The impact of using set aside receipts (which are not replenished with more receipts) is to reduce the amount of cash available for the Council to invest. There is, therefore, a general fund cost resulting from capital expenditure which is funded by this means, as the amount of interest received on investments reduces. Each capital scheme must be individually assessed on its own merits and business case but the overall affordability of the capital programme remains under review. This is done by reviewing the Capital Financing Requirement in the Treasury Strategy and making sure an appropriate level of adjustment is reflected in the general fund estimates. This scheme is anticipated to result in annual revenue savings in excess of the resulting reduction in income from cash investments. Members will need to approve the commitment to spend an estimated additional £100k on this project if mindful to opt for the scheme incorporating 15 Brand Street.

11. RISK IMPLICATIONS

11.1 The risks associated with the agreed development are managed by Project Board and contained in the project Risk Register.

11.2 Additional risks or those which would significantly change should 15 Brand Street be incorporated are detailed in the body of this report and in the accompanying Part 2 paper. These can be summarised as:

- Difficulties in reaching and maintaining an agreed position on the incorporation of 15 Brand Street (para 7.6 and Part 2 Para 3.3)
- Hitchin Town Hall Ltd's continuing aspiration to incorporate further design changes after any revisions may be agreed (Para 8.10, 8.11, 8.19, 8.34 and Part 2)
- Financial, Legal and Procurement risks arising from the increased scale and complexity of the project Para (8.1, 8.20, 8.28, 9, 10 and Part 2)
- Conditions which may be sought by ACF (Para 8.1, 8.32, Part 2 Para 3.12 – 3.32)
- Design and construction risks in respect of complexity, timescales, contract variations and party wall matters (Para 8.19)

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.3 The proposal made in this report, to include No 15 Brand Street into the overall scheme and by doing so to expand the foyer/entrance area available fulfils the authority's statutory disabled access requirements, provided that level, ramped or assisted access i.e. by lift or platform lift, is included within the final design.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do not constitute an additional public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no direct Human Resource implications arising from this report other than those associated with adequately resourcing the project team which may face an increased workload at a point when many of those involved are also supporting other key corporate projects.

14.2 Museum staff will continue work on the collections, particularly those items stored at the Burymead Resource Centre. The ongoing programme of cleaning, auditing and re-packing museum objects would continue, as would photography, cataloguing and research of items for inclusion on e-Hive, the forthcoming digital database. Any extension would enable staff to plan future exhibitions and museum events earlier than expected.

15. APPENDICES

15.1 Appendix 1 Proposal from Hitchin Town Hall Ltd

15.2 Appendix 2 Illustration of Amended Building Frontage

15.3 Appendix 3 Internal Layout Plans

15.4 Appendix 4 Lease Plan Existing Scheme

15.5 Appendix 5 Lease Plan incorporating 15 Brand Street [to follow]

~~15.6 Appendix 6 Draft Deed of Variation [to follow]~~

16. CONTACT OFFICERS

16.1 John Robinson
Strategic Director Customer Services
Tel: 01462 474655
John.robinson@north-herts.gov.uk

Contributors

16.2 Neal Charlton
Supervising Architect, BFAW

16.3 Tim Neill
Accountancy Manager
Tel: 0162 474461
Tim.neill@north-herts.gov.uk

16.4 Ros Allwood
Cultural Services Manager
Tel: 01462 435197
Ros.allwood@north-herts.gov.uk

16.5 Gavin Ramtohal
Contracts Solicitor
Tel: 01462 474578
Gavin.ramtohal@north-herts.gov.uk

16.6 Steve Crowley
Contracts & Projects Manager
Tel: 01462 474211
Steve.crowley@north-herts.gov.uk

16.7 Liz Green
Head of Policy & Community Services
Tel: 01462 474230
Liz.green@north-herts.gov.uk

17. BACKGROUND PAPERS

17.1 Report to Cabinet 23rd August 2005 on the Findings of the Review of the North Herts Museums Services.

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

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

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

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

17.6 Report to Cabinet on 28th September 2010: Hitchin Town Hall/ Museum Proposals

17.7 Report to Council on 10th November 2010: Hitchin Town Hall/ Museum Proposals

17.8 Verbal update to Council on 7th April 2011: North Hertfordshire Museum & Community Facility at Hitchin Town Hall

17.9 Report to Cabinet on 26th July 2011: North Hertfordshire Museum & Community Facility: Project Update

17.10 Report to Council on 10th May 2012: North Hertfordshire Museum & Community Facility

17.11 Report to Council: 15th October 2012 North Hertfordshire Museum & Community Facility

Annex 1

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
1	The purpose of this note is to provide additional information to support the inclusion of 15 Brand Street into this Project. (This topic was first raised with NHDC in February 2011 and an email sent to Mary Caldwell in April 2011, since then there have been various discussions.) During the negotiations between Hitchin Town Hall Ltd ("HTH") and North Hertfordshire District Council ("NHDC") provision was made to consider this option and, in recognition of the Social Benefit, HTH's bankers, the Adventure Capital Fund ("ACF"), specifically referenced this option in their Loan/Grant documentation.	No change.	
1.1	When the Development Agreement ("DA") was signed on 15th October 2012 the Recitals and Clause 4.7 specifically deal with this provision as follows: The parties remain committed to the exploration of an Expected future scheme that may include the remainder of 15 Brand Street to form this community facility and agree to consider a variation of this agreement should this be possible within the funding available at the time and is agreed bewteen the Parties to be viable and achievable	• No change – existing Development Agreement obligation	• NHDC have actively contributed towards the exploration of an expanded future scheme and agreed to the delay in the award of contract of the approved scheme to allow negotiations to reach a settled position now reflected in this report.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
1.2	HTH acknowledge the "viable and achievable" aspect quoted above. However we are looking at a 125 year period and feel that we must do our utmost to deliver a scheme, of which the residents of North Hertfordshire can be proud. If this means a few months delay then it is the view of HTH that this is a price worth paying for the longer term benefit.	• No change	• Refer to paragraph 8.6 for an analysis of whether the scheme is viable and achievable. Additional funding would be required from NHDC if it were to accept the inclusion of 15 Brand Street and this is detailed in the body of the report.
1.3	Since the signing of the DA, HTH has been working to deliver 15 Brand Street. Specifically HTH has: • Met with Buttress Fuller Alsop Williams ("BF") to discuss concept and inclusion 3rd October 2012 • Received electronic drawings from BF 23rd October 2012 • Received additional drawings 5th November 2012 • Submitted revised drawings to Tom Rea 8th November 201	• Not Applicable • Not Applicable • Not Applicable • Not Applicable	• NHDC commissioned BFAW to carry out further feasibility work and met jointly with the supervising architect and Hitchin Town Hall Ltd on 3rd October. It is important to be clear that in the proposal to incorporate 15 Brand Street, Hitchin Town Hall Ltd have confirmed that the internal layout is a matter for NHDC to determine albeit in liaison with Hitchin Town Hall Ltd in line with the liaison provisions within the Development Agreement

ANNEXE 1

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	• Follow up Design Review meeting with BF on 3rd December 2012	• Not Applicable	
	• Appointed architect	• Not Applicable	
	• Provided Full plans and discussed with NHDC	• Not Applicable	
	• Finalised Design, Access & Heritage Statement	• Not Applicable	
	• Initial planning permission application 11th December 2012	• Not Applicable	
	• Applied for Planning permission 2nd January 2013	• Not Applicable	• The Planning and Listed Building Consent Applications were submitted by Hitchin Town Hall Ltd without further reference to NHDC and details contained within them do not necessarily reflect formal proposal now being considered.
	• Negotiated with current tenant	• Not Applicable	• Final agreement not yet secured
	• Agreed basis of option with Hitchin Property Trust (HPT)	• Not Applicable	• Valuation of 15 Brand Street to be determined by a Surveyor jointly appointed by Hitchin Property Trust and Hitchin Town Hall Ltd
	• Appointed lawyers	• Not Applicable	

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	• Arranged finance and valuations		• Confirmation of financial arrangements for the acquisition of 15 have been received but confirmation of valuation has not. Financial arrangements are detailed in the Part 2 report under Annex 1. Maximum estimated acquisition costs of £180k
2	**Purchase of 15 Brand Street** It is important that any funding arrangements do not impact any existing lenders e.g. Area Committee and NHDC either short or long term. The purchase of 15 Brand Street will not impact the current debt structure of HTH.	• Hitchin Town Hall Ltd have confirmed that the 'Area Committee' will not be a lender.	
3	**Financial Structure** The proposed structure will be by way of Grant (25%) and Capital styled Long Term Loan Notes ("LTLN") (75%), possibly with a nominal coupon; the LTLN would only be repaid once liabilities to ACF and NHDC have been completed. In effect the providers of the finance will be issued with quasi equity which may be redeemed at a future date or alternatively converted to a grant/donation with the added tax benefits for both parties. As a Long Term Capital instrument this structure will not contravene existing loan covenants with ACF nor will it impact fundraising.	• Funding will now be provided by a new 'benefactor' membership class for individuals or organisations who wish to donate or make long term loans available to Hitchin Town Hall Ltd	• Under the terms of the ACF loan, Hitchin Town Hall Ltd are not permitted to make contributions towards repaying such instruments until the ACF facility has been paid in full. Hitchin Town Hall Ltd have confirmed this would also apply to the loan facility granted by NHDC. In the event that a coupon for the full 2% attaches to such equity papers, Hitchin Town Hall Ltd would be committed to paying £2,400 a year which is wihtin the tolerance of their financial model. Further detail is contained in the Part 2 report, Annex 1.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
4	**Ownership** It is proposed that the freehold be passed to the Trust on the same basis as 14 Brand Street.	• No change	This will require the consent of the Gymnasium & Workman's Hall Trust.
5	**Valuation** HTH are arranging for an independent valuation, not least because, as a charity, we are obliged to obtain fair value. In discussions with the owner it is has been accepted that the valuation will be less than the agreed purchase price of 14 Brand Street. It has also been stated that there will be considerable flexibility to enable the purchase to proceed.	• Hitchin Town Hall Ltd currently quote an acquisition prince of approximately £180,000 maximum but anticipate that the figure will be less than that.	• Confirmation of the independent valuation has not yet been received from Hitchin Town Hall Ltd. The Gymnasium and Workman's Hall Trust will need to have an independent valuation carried out **.**
6	**ACF Timeframe** ACF have advised that a decision to an extension of their deadline of 31st March 2013 and consent to the variation of the existing Development Agreement will be made at the next External Credit Committee on 5th February 2013.	• Superseded by ACF's agreement to extend the deadline to the end of April 2013.	• Formal confirmation from ACF that a proposal to incorporate 15 Brand Street will be sought following Council's decision. Any conditions that may be attached by ACF to such a variation must be capable of being accommodated within the Council's assessed timetables and costing.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
7	Following discussions with ACF, HTH believe that the advantages arising from this opportunity, over and above the agreed base case, relate to the social and financial returns available as follows:		
	• Improved quality of the facilities available for community use to stimulate more adventurous and worthwhile activities, particularly in the performing arts	• No change	• The increase in floor space would not appear to provide significant opportunities for 'more adventurous' activities or the 'performing arts' other than in the extended gallery space above the proposed extended entrance.
	• Increased opportunity to work in partnership with the catering faculty of the local college to provide opportunities for youth work experience in a quality venue.	• No change	• The opportunity to work in partnership with the local college would exist in the agreed scheme as well as the proposal being considered.
	• Increased visitor flow to a more attractive venue which is expected to contribute to the financial sustainability of the charity and the visitor experience. With a wider frontage people are drawn in to the museum.	• No change	• It is not considered that increased visitor flow can be accurately predicted based on the extension of the frontage and foyer of the museum. It is possible, however, that additional space within the museum could provide the opportunity for increased activity by both the museum and Hitchin Town Hall Ltd as this is a 'shared use' area.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	• Increased visitor flow to Hitchin which is expected to benefit local businesses of a typical 'high street' nature rather than superstores and chains	• No change	• See third bullet point above re visitor flow.
	• A significant enhancing architectural experience with the addition to an integral urban environment adding to its cultural heritage value. Reference Fred's note Appendix 'A'	• No change	• It is acknowledged that from an aesthetic point of view the architectural experience would be enhanced and that improved functionality in terms of museum entrance and circulation together with expanded space on the first floor would be available. The additional first floor gallery space is not, however, suitable for sensitive or valuable parts of the collection so there are some limitations on its use.
8	**Concept** The details of the proposal have been discussed with NHDC and BF, and a planning application has been submitted, specifically the inclusion provides:	• No change	• See note at bullet point 10 in para 1.3 above.
	• A better scheme; details of this are set out in the Design, Access and Heritage Statement which accompanied the planning application.	• No change	• The Planning and Listed Building Consent Applications were submitted by Hitchin Town Hall Ltd without further reference to NHDC and details contained within them do not necessarily reflect formal proposal now being considered.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	• The future use of the community facility and the profitability of the Café is made more secure by the formation of the new entrance.	• No Change	• Hitchin Town Hall Ltd's financial model and the Council's own financial assessment of the business case demonstrated that the café was already capable of producing significant profit to allow Hitchin Town Hall Ltd financial security based on existing numbers. This maintains the principal that the café is ancillary to the main function of this part of the building as a museum.
	• The new entrance gives the museum the prominence it deserves and provides an additional 56 sq m of floor space extremely economically.	• No change	• The additional floor space would form part of the museum building but is proposed to be utilised as a 'shared space' in line with the uses outlined in the existing Development Agreement.
	• The additional frontage, which can be used for museum marketing, will provide a better experience and will draw in people.	• No change	• It is not considered that increased visitor flow can be accurately predicted based on the extension of the frontage and foyer of the museum. It is possible, however, that additional space within the museum could provide the opportunity for increased activity by both the museum and Hitchin Town Hall Ltd as this is a 'shared use' area.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	• If NHDC chose to do so ○ the Local Study Area can be located in better position ○ the museum stores consolidated ○ meaning that the exiting stage in the Mountford Hall will not have to be altered to provide storage space.	• This remains Hitchin Town Hall Ltd's view.	• Hitchin Town Hall Ltd initially indicated that their proposals would deal with these matters although on submission they did not. The proposal does not contain any detail about how such matters could be incorporated in to the design and would effect significant elements of the approved scheme and would require redesign, costing and potentially additional planning permissions. As stated , the proposal from Hitchin Town Hall Ltd is that the internal layout of the extension would be entirely a matter for NHDC to determine. The risks associated with this are set out in the body of the report.
	In addition and during better weather some cafe covers could extend to this area.	• No change	• This would need to be within the overall cap of 40 café covers unless this was varied by mutual agreement and would be subject to any necessary approvals via the Management Agreement

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
9	**Legal** Our advice is that this should be very straightforward. It is proposed to use the existing DA as the base line and simply make changes to a few clauses as well as reference to revised drawings. All dates will need to be advanced by the same period. Foreman Laws have now had an opportunity to discuss with Ward Hadaway who accept that the simplest way forward could be either by a Deed of Variation or to take the existing DA and incorporate the minor changes required, whichever would be the most cost effective. The wording of the Option Agreement on 15 has now been concluded.	• No change	• Deed of Variation is prepared and attached to this report. However, ACF's legal representatives have yet to confirm this is acceptable.
10	**Tendering Process** It is acknowledged that BF have already undertaken a considerable amount of work and are moving to produce the formal tender documents. It is felt that, in order not to disturb this process, that the tender documentation states that NHDC may incorporate 15 at a later stage thus giving potential contractors notice. A date of 15th February could be stated allowing time for additional BF work and for ACF extension approval. It can also be stated that at that time a revised date will be provided for the tender approval appointment process. In essence HTH are proposing that a Parallel Working Process be incorporated as an option in Tender as "to be advised later".	• Not Applicable	• This aspect of the proposal is no longer applicable and was not achievable without jeopardising the achievement of the Council's obligations under the Development Agreement to award the construction contract by the end of March 2013.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
11	**Timescale** If the above process is adopted then in the unlikely event that ACF decline the project is no worse off, however if an extension is granted then this can be incorporated with minimal delay. It is anticipated that this should be no greater than three months which HTH believe would be acceptable to ACF.	• Not Applicable	• See 10 above.
12	**Cost Implications** It is noted that NHDC are concerned about the cost implications and we believe these can be mitigated. It should also be noted that HTH are delivering a property worth approximately £200,000 to the overall benefit of the whole scheme. HTH are prepared to reimburse to NHDC the reasonable costs of BF, these have been discussed and whist an initial figure of £30,000 was suggested if a new team were appointed, it is understood that this would be considerably less if the same team can be used.	• The total acquisition price is now described as a maximum of £180,000. • Now withdrawn	• Acquisition price includes valuation fees, tenant compensation and purchase price. • NHDC would be required to pay for additional design and supervision costs.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	HTH would like to adopt the same process as already provided for in the DA whereby costs are reimbursed at a much later stage in the project	• Now withdrawn as above	• No longer applicable
	NHDC will have certain internal legal costs and may require other advice. It is hoped that NHDC can cover their internal costs but should other costs be incurred then HTH would be prepared to see if a solution could be found to cover such costs.	• No Change	• No firm proposal
	As far as HTH and ACF are concerned the financial structure will not impact either fundraising or repayment of loans to either ACF or NHDC.	• No change	
13	**Risk Benefit of Cost Overruns**		
	If the structure and tender process is adopted a final decision on costs can be analysed well before the 31st March 2013 deadline. If an extension is agreed NHDC will know the new timeline and again a decision can be made.	• Not applicable	• This aspect of the proposal is no longer applicable and was not achievable without jeopardising the achievement of the Council's obligations under the Development Agreement to award the construction contract by the end of March 2013.
	Should NHDC consider that there are additional risks then HTH will do its utmost to mitigate such risks. It is believed that any delay would be minimal, say maximum 3 months.	• No change	• NHDC risks and timescale estimate are detailed in the body of the report.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
	It is not the intention that HTH should be without risk although HTH acknowledge that cost overruns would be for NHDC. However, once known, HTH would be open to consider ways in which, over time, it can assist to mitigate.	• No change	• NHDC risks are detailed in the body of the report. No firm proposals to help NHDC mitigate risk at this stage
14	**Adventure Capital Fund** Whilst ACF have always been supportive it is clear that the inclusion could impact the existing timeline. ACF and their lawyers Ward Hadaway ("WH") were always of the opinion that the 31st March 2013 was very challenging but have always stated that provided they could see evidence of progress that any extension would be considered sympathetically. HTH have now discussed in more detail and specifically the note at Appendix 'B' has been discussed. This has now been raised with the Deputy Chief Executive, Caroline Forster, who has agreed that the proposal can be presented to the External Investment Committee ("EIC") 5th February 2013, this being the first available date this year. A decision will be made on that date. Initial soundings of members of the EIC have been extremely positive. HTH are currently preparing for this presentation.	• No change • Completed	• Superseded by ACF's subsequent agreement to extend the timescales to the end of April 2013. • Should Council agree to the incorporation of 15 Brand Street ACF approval to revised timescales would still be required.

No	Hitchin Town Hall Ltd Proposal (Submitted on 14.01.13)	Hitchin Town Hall Ltd Revised Position at 10.03.13	Issues
15	**Conclusion** HTH are partners with NHDC in proving a building which will hopefully stand for the next 125 years – we believe we both have a duty to make it the best that we can. Our forefathers built a wonderful Town Hall for us, we should not let them or ourselves down. Whilst there could be a slight time delay, HTH believe that with some parallel working with NHDC it is possible to deliver the inclusion of 15 Brand Street into the scheme and HTH, its advisors and the Community Groups will do everything they can to facilitate this process.	• No change • No change	