ANNUAL COUNCIL
19 MAY 2016

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.
	19

TITLE OF REPORT: NORTH HERTFORDSHIRE MUSEUM AND HITCHIN TOWN HALL

REPORT OF THE STRATEGIC DIRECTOR OF CUSTOMER SERVICES AND PROJECT EXECUTIVE
EXECUTIVE MEMBER: COUNCILLOR TONY HUNTER

1. SUMMARY

1.1 To authorise capital expenditure as detailed in the Part 2 report following liquidation of the Council's Museum fit out contractor, LightBrigade Media Corporation Limited, and to make the necessary adjustments to the Council's capital programme.

1.2 This report is urgent and was not included on the agenda as details of the matters being considered were not available when the agenda was published. Members have, however, been advised of the failure of the contractor and the need for Council to consider the issues.

1.3 A second Receiver, appointed by Hitchin Town Hall Ltd's funders, has commenced marketing the 14/15 Brand Street property and in accordance with Council's resolution (minute no 77) the Council will be submitting a bid before the closure of the tender period.

2. RECOMMENDATIONS

2.1 To note the content of this report and, subject to consideration of the Part 2 report, the adjustment to the capital programme be made to allow the completion of the fit out of the North Hertfordshire Museum.

3. REASONS FOR RECOMMENDATIONS

3.1 To complete the project in line with the Council's stated policy objectives and minimise additional expense and loss of income arising from the failure of the fit out contractor.

3.2 Minimise the risk that any relevant subcontractors may seek to renegotiate prices or withdraw from the project.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The option to not complete the fit out would not meet the Council's policy objectives and has therefore not been considered in detail.

4.2 The option to retender the remaining elements of work was considered but discounted on the basis that the fit out work is approximately 80-85% complete and would likely entail considerable additional delay and expense should a new contractor or series of

contractors be appointed without intimate knowledge of the work required. However, this option remains available if it proves impossible to agree a mutually acceptable approach with the current sub contractors working on the project.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

5.1 Consultation has been carried out with the Leader, Deputy Leader, Executive Member for Community Engagement & Rural Affairs and Project Board.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

7.1 The decision making history of this project is detailed in a number of Council and Cabinet reports which are available on the website http://www.north-herts.gov.uk/home/museums/north-hertfordshire-museum-and-hitchin-town-hall/hitchin-town-hall-museum-proposals

7.2 On 4 March 2016 NHDC was formally notified of the Receivership of LightBrigade Media Corporation Limited (LightBrigade), the exhibition fit out contractor for the Museum project.

7.3 A second Receiver, appointed by Hitchin Town Hall Ltd's funders, has commenced marketing the 14/15 Brand Street property and in accordance with Council's resolution (minute no 77) the Council will be submitting a bid by 10th June in accordance with the tender process.

7.4 This report sets out details of the fit out work to be completed and proposals for achieving that in a timely and cost effective way.

8. NORTH HERTFORDSHIRE MUSEUM & HITCHIN TOWN HALL

8.1 LightBrigade were appointed by NHDC following a comprehensive procurement process in accordance with NHDC's financial regulations, LightBrigade was managed by the Council's Project Managers, Mathers Ltd, and this element of the project is entirely financed by a Heritage Lottery Fund Grant of £945,671. The Heritage Lottery Fund have been kept advised of this development and are content with the Council's approach.

8.2 In order to complete the Museum project in a timely and cost effective way it will be necessary to enter into a direct agreement with LightBrigade's sub contractors, to ensure that the work in hand, associated intellectual property etc is safeguarded to avoid further unnecessary delays or costs.

8.3 The Part 2 report sets out the details of the proposed expenditure in order to maintain commercial confidentiality whilst agreement is reached.

9. LEGAL IMPLICATIONS

9.1 These are set out in the accompanying Part 2 report.

10. FINANCIAL IMPLICATIONS

10.1 The current NHDC capital programme, as approved by Full Council in February 2016, includes total capital budget provision of £5.175m for the North Hertfordshire Museum and Community Facility project. Appendix A to this report provides a history of the reported movements in projected expenditure and funding since the approval at the meeting of Full Council in October 2012 to adopt the community partnership scheme.

10.2 The financial implications of the liquidation of LightBrigade Media Corporation Limited are fully detailed in the corresponding Part 2 report to safeguard the Council's interests pending agreement on costs with the sub contractors.

10.3 Council approved the inclusion of a number of relevant financial risks identified for Cultural Services when setting the 2016/17 revenue budget. These are detailed in Appendix B to this report (originally Appendix 7 to the 2016/17 revenue budget report presented in February 2016). While these allocations could be called upon to provide the necessary additional funding by way of Revenue contributions to capital, in view of the revenue pressures faced by the Council, it is considered more prudent to seek authority to apply additional capital resource.

11. RISK IMPLICATIONS

11.1 The risk implications arising from this report are largely:

- Financial – further delay in opening of the museum or not being able to open the facility will prevent achievement of the forecast income, failure to obtain best return from the existing capital investment and would mean existing Museum staff may not be fully utilised.

- Operational – uncertainty concerning opening prevents active marketing and sales. Potential customers may secure alternative venues and NHDC will retain the liabilities associated with a building of this sort.

11.2 The specific risk implications are set out in Part 2.

11.3 The North Hertfordshire Museum and Hitchin Town Hall Project is a Cabinet Top Risk. This is monitored through the Finance, Audit and Risk Committee. In addition there is a more detailed project risk log that is monitored and discussed by the Project Board.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on 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 proposals made in this report do not in themselves alter the overall project design as previously reported, but seek to ensure the project is completed to provide a facility that meets the needs of all communities in North Hertfordshire.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do in themselves constitute the award of a new 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 in paragraph 12.

13.1 When assessment of Social Value was made in the award of the original contract to LightBrigade, it would generally have taken account of benefits delivered through the company's use of relevant sub contractors too. In view of the benefits of entering directly into an agreement to complete fit out with those same contractors described earlier in this report, then Social Value alone cannot outweigh those opportunities.

14. HUMAN RESOURCE IMPLICATIONS

14.1 The Human Resource implications arising from this report are associated with the significant additional workload on the Project Team Members. This is currently partly mitigated by the reallocation of resources from less time sensitive projects but this situation cannot be sustained over a long period.

14.2 Museum Service staff are currently temporarily deployed pending opening of the Museum but completion of the project is necessary to ensure the service they provide can be effectively delivered.

15. APPENDICES

15.1 Appendix A: NH Museum and Community Facility: Reported Movements in projected Expenditure and Funding.

15.2 Appendix B: Financial Risks Assessment.

16. CONTACT OFFICERS

Author

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

Contributors

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

16.3 Antonio Ciampa
Group Accountant
Tel: 01462 474566
Antonio.ciampa@north-herts.gov.uk

16.4 Gavin Ramtohal
Contracts & Procurement Solicitor
Tel: 01462 474578
gavin.ramtohal@north-herts.gov.uk

16.5 Reuben Ayavoo
Policy Officer
Tel: 01462 474212
Reuben.Ayavoo@north-herts.gov.uk

16.6 Kerry Shorrocks
Corporate Manager Human Resources
Tel: 01462 474224
Kerry.shorrocks@north-herts.gov.uk

16.7 Norma Atlay
Strategic Director Finance, Policy & Governance
Tel: 01462 474297
Norma.atlay@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

17.12 Report to Council 23rd April 2013 North Hertfordshire Museum & Community Facility: Proposal for the Inclusion of 15 Brand Street

17.13 Report to Council 8th August 21013 North Hertfordshire Museum & Community Facility: Proposal for the Inclusion of 15 Brand Street

17.14 Report to Overview & Scrutiny Committee 18th December 2014 Development Agreement: North Hertfordshire District Council & Hitchin Town Hall Ltd

17.15 Report to Cabinet 27th January 2015: North Hertfordshire District Council & Hitchin Town Hall Ltd: Project Update

17.16 Report to Council 12th February 2015: North Hertfordshire District Council & Hitchin Town Hall Ltd: Project Update

17.17 Report to Council 10th March 2015: North Hertfordshire District Council & Hitchin Town Hall Ltd: Project Update

17.18 Report to Council 16th July 2015: North Hertfordshire Museum & Community Facility at Hitchin Town Hall

17.19 Report to Cabinet 29th July 2015: North Hertfordshire Museum & Community Facility at Hitchin Town Hall

17.20 Report to Council 3rd September 2015: North Hertfordshire Museum & Community Facility at Hitchin Town Hall

17.21 Report to Council 21st January 2016: North Hertfordshire Museum & Community Facility at Hitchin Town Hall