

PROJECT BOARD MINUTES

Project: North Herts Museum & Community Facility

Date: 11 February 2016

Classification: Confidential

In Attendance: Councillor Tony Hunter (NHDC), Councillor Frank Radcliffe (Senior User), Tricia Cowley (NHDC Advisor), John Robinson (Project Executive), Steve Crowley (Project Team), Ros Allwood (Project Team), Sharon Nahal (Minutes)

Apologies: Vaughan Watson

Circulation: Those attending, Vaughan Watson

1. Apologies

Apologies were received from Vaughan Watson

2. Minutes of the Last Meeting held 4 December 2015

These were deferred to the next meeting of Project Board.

Action: SN

3. Project Update

- Highlight Report No 16**

The Highlight Report detailed all activity between 4 December 2015 – 11 February 2016. The tasks completed to date were as follows:

Stage sixteen 04/12/2015 – 11/02/2016	Date Due	Date Completed
Construction Contract		
Snagging	15 January 2016	Ongoing
Museum Fit Out		
Fit-out Handover	TBC	
AV final sign off	TBC	
Installation of racking and stored items	TBC	
Shop stock ordered	15 January 2016	15 January 2016
Uniform ordered	31 December 2015	In process
Object install in new cases	TBC	
New Museum Leaflet	29 February 2016	On hold awaiting photographs of completed museum
Colouring sheet for children produced	29 February 2016	
Town Hall Fit Out		
Café/Kitchen – Design, Procurement and	23 December 2015	On Hold

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Installation		
Vending - Agree supplier and installation	On Hold	On Hold
Staffing – Agree structure, Recruitment, Selection and Training	On Hold	On Hold
Alcohol Franchise – Tender, Selection and Commencement	TBC	25 January
Operational Documents (inc Licensing)	On Hold	On Hold
General Fit Out Items	30 December 2015	Ongoing

Snagging

The majority of the internal snagging has been undertaken, including the painting of the main hall taken place. There are still some external items that Borrás need to resolve and Buttress is monitoring this.

The snagging items will naturally become defects work and will need to be completed within twelve months of the practical completion certificate being awarded, this was Friday 26 June 2015. Buttress will be arranging a site visit with Borrás to sign off all snagging and defeat work.

Delay on Museum Fit Out

Project Board agreed at its December 2015 meeting to extend Lightbrigade's contract to 23 December 2015 with neutral costs. Since granting the extension Lightbrigade have informed the Council that they are struggling to procure the mannequins. At the project team meeting (3 December 2015) Lightbrigade informed the Council that they owed Armour (main subcontractor for providing the cases) £180,000. Lightbrigade explained they had a cash flow problem and that was the reason for this. Since 3 December 2015 Armour have reduced the work they have undertaken on site and on 22 December 2015 they stopped undertaking work on this project and have explained they will only return once Lightbrigade have paid them the money they owe.

As the agreed completion date was 23 December 2015 and Lightbrigade failed to meet this date, Mather wrote to Lightbrigade on 23 December 2015 issuing them a Statement of Non-Completion. Lightbrigade have not responded to the letter that Mather sent.

Lightbrigade have been on site since the new year and have been progressing with the fit out, however, until they can resolve the issue with Armour they will not be able to complete the project. The Council has been in contact with Lightbrigade on many occasions requesting that they resolve this issue with Armour, as this is essential to the project. To date Lightbrigade have paid Armour an additional £50,000, however, they still owe Armour £130,000, which Lightbrigade is disputing.

The Council currently owes Lightbrigade £75,000, therefore, the difference is £55,000, however, this cost does not include the mannequin work and other final finishing items.

The Project Manager has explained to Lightbrigade that if this issue does not get resolved, the Council will have to consider terminating their contract. This would add additional costs to the project which have not been fully explored (Mather are seeking quotes from the lead subcontractor - Armour), however, is currently estimated to be approximately £100,000 to complete the project. This cost does not include legal fees, which would apply if the Council takes legal proceeding against Lightbrigade.

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In addition to the above, at the start of January Lightbrigade informed the Council that the Project Manager (PM) was no longer working on this project. They have replaced the PM with a replacement, whom has project management experience. The new PM visited site on 21 January 2016 to identify what work has to be completed and was progressing work that is directly the responsibility of Lightbrigade. This however, only took place for a short period and as of the end of January 2016 no work has been undertaken on site. The Council has contacted Lightbrigade and Armour direct and via Mather to resolve this, however, to no avail.

There is a budget of £79,419 contingency available as part of the Heritage Lottery Fund. This money can only be spent on items related to the museum fit out. Officers are identifying items that relate to this work which has already been committed, or could be included within the work that Armour has undertaken so far or is due to undertake. If this can be demonstrated this will reduce the capital required from the Council to complete the project.

In discussing this, Project Board Members sought clarification as to what checks were made being undertaken on the contractor to check their financial credibility. SC advised that a number of credit checks had been undertaken. In addition, with each invoice submitted by the contractor, evidence was required on the items purchased prior tot these being paid. SC also confirmed that he had requested end of year accounts from Lightbrigade and these had not been forthcoming. Project Board Members also discussed Mather's project management of this contract and concerns were raised that the situation had to where it currently was.

Appendix 2 provided a draft letter that is proposed to be sent to Lightbrigade regarding the café/kitchen and museum fit out contracts once the Council agrees how to proceed. The following provides an extract of the letter and sets out the options that the Council is proposing to Lightbrigade: -

I should be grateful if you could confirm within the next 5 days whether you would like to agree option 1. If you do not respond to this letter within 5 days, or confirm that you are unwilling to agree option 1, then the Council will proceed with option 2.

- 1. Continue with the contract provided all outstanding charges to subcontractors are paid in full without delay and a revised completion date is agreed; or*
- 2. The Council serves notice of contractor default under clause 8.4.1 of contract 1 and notice of contractor default under clause 6.4 of contract 2. The Council will review all options to recover losses together with interest and costs.*

It is therefore, proposed that the Project Executive in consultation with the Executive Member review the quote and programme that Armour provide and decide how to proceed as per the approximate delegation of authority as set out in the Council's constitution.

Action: JR/Councillor Hunter

It was therefore agreed that the proposed letter be served on Lightbrigade as soon as appropriate..

Action: SC

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In addition, SC also advised that the café and kitchen contract officers have contacted the second place tenderer and they have confirmed they will hold their contract price and can complete the work within eight weeks of award of contract. This is within the authorised budget, so it can be awarded by the Project Executive.

After some discussion and taking in to account the risks associated with this, Project Board agreed to terminate the contract with Lightbridge for the Café/Kitchen fit out on the grounds discussed. It was agreed that SC would liaise with Legal Services to ascertain whether the sub contractor could be approached to proceed with the works.

Action: SC

Staff uniform

This item was deferred to the next meeting of Project Board

Action: SN

Town Hall fit out and Mobilisation:

Alcohol & Events Catering

The alcohol and catering suppliers lists are now open and we are actively marketing this to local businesses. As this list develops, so do the options available to hirers and the subsequent income to NHDC. The list will remain open indefinitely for suppliers to join.

Vending

Vending provision for the kitchen and café will be procured once an opening date has been confirmed. This is to prevent unnecessary expenditure on the rental of machines, which would otherwise be recouped through the meeting of sales targets. It is important to note the short lead in time on setting up vending provision.

Staffing

The Catering Manager post is currently out to advert to enable the necessary preparatory work to open the café and kitchen. Six applicants applied, and shortlisting for this post has begun with interviews being held on 16 February. The appointment of additional staff is on hold until an opening date has been confirmed to prevent unnecessary expenditure by the Council.

Operational Documents (inc Licensing)

The Valuation Officer attended site on Tuesday 2 February 2016 to undertake a site assessment to rateable value of the property. The Council has been informed that the maximum time it will take for the rateable value to be sent to the Council is two weeks (16 February 2016).

Once a rateable value has been obtained, the Council will apply for a Premises Licence, to include the sale of alcohol. Once the application is made, a consultation period of 28 days will open for all parties to make representations. In the event that any representations are made, an additional 28 days from the close of consultation is

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the maximum period of time in order to resolve them. Based on this worst case scenario, a Premises Licence will be granted on 12 April 2016.

General Fit Out Items

Fit out items were approved at a Project Team Meeting on 25 January 2016. This work is ongoing and will be complete by 28 February 2016.

Additional Information

Access to museum

Two reports were presented to Council (part one and two) at its meeting on 21 January 2016 to present the latest position regarding 14 & 15 Brand Street and the opportunity for the Council to acquire this land. Below is an extract of the part one report which provides an overview of the report:-

- 1.2 The purpose of this report is to seek approval from Council for the acquisition of 14 & 15 Brand Street following the appointment of a Receiver by Hitchin Town Hall Ltd.'s (HTH Ltd) funder, the Social Invest Business (SIB) acting for the Adventure Capital Fund (ACF). Such an acquisition would allow the building to operate in an integrated way for the local community although the facility could operate without the Brand Street premises with limited alterations.
- 1.3 The report outlines the current situation, the issues to be addressed and seeks delegated authority to implement such action as may be required to obtain title of the premises within the financial limits and circumstances described more fully in the report and in the corresponding Part 2 report.
- 1.4 The Proper Officer is satisfied that, in accordance with Section 15 (paras 15.5.1 and 15.5.2 of the Council's Constitution) the report is genuinely urgent and cannot be delayed until a later meeting because of the need to secure ownership of the properties and safeguard the Council's substantial investment.

A fire strategy has been undertaken to investigate if the building could be opened without the use of 14 & 15 Brand Street. It has been concluded and demonstrates that the Council would be able to open the building without the use of this area with minimal adjustments to the building; however this would impact to the total capacity of the building and also affect the user experience.

SIB and their appointed Receivers undertook a site visit on 3 February 2016, following this they have sent the Council a draft licence to occupy the Brand Street property (14 & 15 Brand Street). The Council is in the process of responding back to the draft licence. It must be noted that although a licence to occupy the building is likely to be granted soon, the long-term ownership is currently unknown.

Lead in period

As there are a number of items that are on hold and can not be progressed until an opening date have been agreed, the project team have investigated the lead in period to determine the minimum time that is required, based on what is currently known. The current estimate lead in period that the project team requires is three months.

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In discussing this, Project Board agreed that despite the issues with the contractor on the Museum Fit out, the Town Hall was ready for business. Taking in to account the loss of revenue of c.£28k a month, Project Board agreed that arrangements be made to open the Town Hall as soon as possible. JR confirmed that it could take up to 3 months to mobilise but that efforts would be made to reduced wherever possible.

Action: JR/SC

Financial Update

Borras has provided a final account, this is higher than the Council Quantity Surveyor (QS) was expecting, therefore, the QS is currently working through Borras's account.

The last Quantity Surveyors report number 15 reported the estimated construction cost as £3,399,241 and an overall total cost of £3,455,949. The figure of £3,455,949 was reported and approved at Full Council on 10 March 2015.

Project Issues & Problems

The table below is an extract from the Issue log (Appendix 4), this shows the issues that are currently relevant to this project. Some of the issues identified in the Issue log are currently impacting on the project. There are three new issues which have been shaded in grey: -

Type	Description	Author	Status
Partnership Arrangements	Need to manage public and community expectation of project	SC	Ongoing
Legal & Project	It has been alleged the block work wall to form the two storey storage area to the rear of the stage may be in breach of the Development Agreement. The Council has responded back to HTH Ltd, to date HTH Ltd have not taken further action. At a previous meeting of Project Board Hitchin Town Hall Ltd indicated that the matter was with their lawyers.	KG	Ongoing
Legal & Project	NHDC served notice of breach on 21 st July 2014 and are currently considering HTH Ltd's response	SC	Ongoing
Project	Our lead architect Buttress have noted large amounts of damp and running water which has managed to penetrate the structure in the basement causing on going issues with decoration. They see little benefit in progressing the decoration to these very damp areas and have advised to place the works on hold or possibly omit from the Contract whilst investigations continue to find a solution June 2015 - damp has reappeared, therefore it is advised that this item is fully investigated when the final account for the construction is known, with an aim to resolve this mater. January 2016 – The Council is currently investigating options to undertake damp proof work so this area can be used for storage	KG/SC	Ongoing
Procurement	The possible failure to procure a suitable contractor to design, supply and install a café, kitchen and server. This is being mitigated against by seeking	JH	Ongoing

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Type	Description	Author	Status
	<p>advice from Legal and Procurement on the specification. Currently, 15 companies have expressed an interest</p> <p>Awarded contract to Lightbrigade, will monitor progress of this work to ensure they are working to their project plan.</p>		
Project	<p>Officers have received an indication that the subcontractors responsible for making the mounts and object installation are behind schedule. Lightbrigade are currently trying to resolve this issue with the contractor.</p> <p>The mount contractor provided a revised programme demonstration a completion by 23 December 2015, however this date is currently under review.</p> <p>Jan 2016 – The mount contractor is not longer able to provide this work, Lightbrigade are still procuring the work</p>	SC	Ongoing
Finance / Project	<p>At the project team meeting (3 December 2015) Lightbrigade informed the Council that they owed Armour (main subcontractor for providing the cases) £180,000. As of 4 February 2016 the balance is £130,000</p> <p>As of 22 December 2015 Armour have stopped undertaking work on this project</p> <p>Lightbrigade is disputing the amount of money they owe Armour. Until this is resolved Armour will not return back to site. This means the project can not be completed until this is resolved.</p>	SC	Ongoing

Risk Log

The Risk Log was noted.

Products Due (Next Stage)

Due to the current position with Lightbrigade it has not been possible to complete the timeframe for the next stage nor most of the task dates, therefore, it is advised that another Project Board takes place once the fit out contract is resolved and the next stage dates can be agreed.

Next stage, To be agreed at next Project Board	Completed by
Museum Fit Out	
Fit-out Handover	TBC
AV final sign off	TBC
Installation of racking and stored items	TBC
Shop stock ordered	15 January 2016
Uniform ordered	In process
Object install in new cases	On hold
New Museum Leaflet	On hold awaiting photographs of completed museum
Colouring sheet for children produced	In process

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Town Hall Fit Out	
Café/Kitchen – Design, Procurement and Installation	On Hold
Vending - Agree supplier and installation	On Hold
Staffing – Agree structure, Recruitment, Selection and Training	On Hold
Operational Documents (inc Licensing)	12 April 2016
General Fit Out Items	28 February 2016

Keys Tasks for Project Board to Consider

Following consideration by Project Board the Project Executive agreed the following:

1. To consider the current contractual issue with Lightbrigade and to agree the approach that is set out in section 4.1 of the report.
2. To consider the Project Risk Log
3. To consider the Project Issue Log
4. To continuing stage sixteen until the fit out contract has been resolved (Item 4 & 7)