



CABINET REPORT

Report Title	DELAPRE ABBEY RESTORATION PROJECT
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	21 st October 2015
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Regeneration, Enterprise and Planning
Accountable Cabinet Member:	Cllr Tim Hadland
Ward(s)	Delapre

1. Purpose

- 1.1 To consider and approve a proposal for the increase in the Council's capital contribution towards the restoration of Delapre Abbey.
- 1.2 To consider and approve a proposal to support the Delapre Abbey Preservation Trust (DAPT) prior to and then during the early stages of their operational phase.

2. Recommendations

Cabinet are recommended:

- 2.1 To give approval for the Council to increase the capital contribution towards the restoration of Delapre Abbey, and approve the funding sources as identified in table 1. The existing capital contribution during the restoration is £5,650,000. Additional monies are required of £525,000 to ensure that the project is delivered successfully.
- 2.2 To give approval for the provision of capped revenue funding to the sum of £150,000 in the form of a grant required by DAPT prior to their operational phase. This is firstly to be funded from any regeneration underspends in the

current 15/16 budget, then from the Regeneration Directorate revenue reserves if required.

- 2.3 To give approval for the provision of revenue funding to the sum of £100,000 in the form of a capped loan facility required by DAPT to ensure that in-year deficits within their Business Plan are cash-flowed in the initial stages of their operation. This is to be funded from existing NBC resources, which will be replenished by the repayments received from DAPT.
- 2.4 To give approval to cash flow the £812,000 fundraising requirements which form part of the overall Phase 1 works, in the short-medium term which are the responsibility of DAPT to fundraise prior to opening. The monies are to be repaid by DAPT from future operational surpluses.
- 2.5 To delegate authority to the Director of Regeneration, Enterprise and Planning and Chief Finance Officer to agree final terms and conditions regarding monies to be given to DAPT for the pre-opening cash flow requirements and operational support monies (within the capped amounts), and to agree the conditions regarding the cash flowing of £812,000 fundraising requirements, as outlined within this report.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The restoration of the Grade II* Delapre Abbey is a key heritage project of Northampton Borough Council and will see the Abbey opened to the public for the first time in it's 900 year history.
- 3.1.2 The Council were previously successful in being awarded £3.6m of Heritage Lottery Funding (HLF) towards the overall project costs for the restoration works and activity costs. Total project costs are £6.3m and the gap funding is made up of contributions from NBC, additional grant funding from charities and a requirement on DAPT to fundraise a further £812,000.
- 3.1.3 Phase 1 restoration works have been onsite since March 2015 and works are due to complete in July 2016. The project performance indicators are currently being delivered in line with the HLF funding agreement.
- 3.1.4 The original Options Appraisal outlined a number of key deliverables which are outside of the remit of the Phase 1 restoration. With the operational phase of the Abbey fast approaching a number of these deliverables are now seen as key to ensuring a viable sustainable heritage attraction.
- 3.1.5 Following the commencement of phase 1 works it is clear that further additional works are required to be completed to ensure that the Abbey is opened as a sustainable heritage attraction. These works supplement phase 1 operations. They include enhanced car parking and works to the Lodge which forms the entry from London Road.

3.1.6 The enhanced car parking specifically will require planning permission to be granted and prior to an application being submitted thorough and inclusive consultation will be completed with local residents and wider stakeholders.

3.2 Issues

Capital Scheme

3.2.1 The key deliverables from the original Options Appraisal which are outside of the remit of the existing Phase 1 restoration are paramount to the successful operation of the Abbey once opened to the public. These capital requirements can be summarised as follows:

- The provision of additional car parking over and above the existing hardstanding. (£225,000)
- The restoration of the Delapre Cottage which is located on the main Abbey entrance from London Road. (£75,000)
- The fit out of the retail space within the heritage attraction to include the supply and install of retail units and then also the initial costs of procuring and purchasing retail stock. (£50,000)
- The fit out of the education space as included within the HLF application. (£45,000)
- The installation of superfast broadband & IT hardware to the Abbey to enable the operational activities of the trust, including the conference rooms for hire. (£30,000)
- The installation of a commercial kitchen fit out to the Abbey. (£100,000)

3.2.2 In terms of funding the capital scheme, there is currently a risk regarding DAPT's achievement of the £812,000 fundraising target before opening in July 2016, which is part of the original funding in the bid approved by the HLF. Approval is therefore sought for NBC to cash flow up to this value in the case that the fundraising target is not achieved by July 2016, with any values repaid through operating surpluses generated across the life of the business plan. The agreement for this cash flow would involve NBC having oversight and a role in the financial control and monitoring of DAPT's financial performance to ensure this investment is returned to the Council.

Analysis of the overall capital position regarding Delapre Abbey Phase 1 restoration is included in the table below:

TABLE 1

	£000
Capital Expenditure	
Original Capital scheme - HLF Round 2 application	5,650
Additional expenditure identified	525
Total revised capital expenditure	6,175
Capital Funding	
Original Capital scheme - HLF Round 2 application	-5,650
Proposed amendments to funding:	
DAPT Fundraising target - currently part of original capital scheme, identified at risk to be achieved before Abbey opens July 16	812
Secured contributions:	
Variation from within existing capital programme	-100
Section 106 monies identified	-100
Use of project contingency	-40
Unsecured contributions:	
Proposed NBC cashflow of DAPT fundraising target, to be added to NBC capital programme, but to be repaid by DAPT surpluses made once Abbey open	-812
HLF additional contribution - currently under consideration	-128
NBC contribution - to be identified from existing capital programme or NBC reserves	-158
Total revised capital funding	-6,175

3.3 DAPT Support

- 3.3.1 The Council and DAPT are currently reviewing the Business Plan to ensure that a thoroughly inclusive updated plan is available to be submitted to the HLF in January/February of 2016 as required by the funding agreement. LGSS Finance has positively responded to this project and has procured additional expertise to assist and work with Council colleagues and the Director of DAPT and their Trustees.
- 3.3.2 The approved Business Plan which DAPT submitted to the Council and also the HLF focused on operational costs once opened and did not make allowance for initial set up costs
- 3.3.3 The timing of the full Business Plan review confirms that the revenue funding requested via this report for both the grant funding and loan facility at paragraphs 2.2-2.3 are maximum capped values.
- 3.3.4 The previously submitted Business Plan to the HLF of November 2014 identified in year deficits for DAPT prior to suitable levels of cash reserves being generated. The HLF are expectant that the Council will therefore support DAPT to support the sustainable operation of the Abbey

3.3.5 Whilst the previous Business Plan identified a deficit in the 2016/17 financial year of £55,000 the full review of the Business Plan which is now in consideration may alter either the value of the deficit or its profiling within the financial years. The council are working closely with DAPT in terms of their full Business Plan review.

3.4 Choices (Options)

3.4.1 Cabinet can choose to approve the additional capital works to ensure the successful future operation of the Abbey.

3.4.2 Cabinet can choose to approve the grant funding to ensure the successful future operation of the Abbey.

3.4.3 Cabinet can choose to approve the loan facility to ensure the successful future operation of the Abbey.

3.4.4 Cabinet can choose to approve the cash flowing arrangement to cover the fundraising target, in the short term, to be recovered from DAPT operating surpluses in the future.

3.4.5 Cabinet can choose to not approve the additional capital contributions and loan facilities/ cash flow arrangements linked to DAPT support and fundraising targets. However, whilst the current Phase 1 restoration will save the Abbey in terms of its physical assets it will not enable the Abbey to run as a sustainable heritage attraction.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The recommendations within this report do not set policy or have implications on existing policies.

4.2 Resources and Risk

Risks

4.2.1 The recommendations within this report does require Cabinet to approve additional funding towards the Delapre Abbey restoration project, both in terms of capital funding towards the works and financial support to DAPT in the form of a grant, a loan facility and a cash flow arrangement.

4.2.2 As with any loan/ cash flow arrangement, there is a risk regarding the failure or inability to repay as per the agreed terms.

4.2.3 There is a risk that variances within DAPT's business plan will reduce operational surpluses to unsustainable levels.

4.2.4 There is a risk that failure to comply with the conditions of the HLF award results in the monies awarded either being frozen or a requirement to refund HLF.

- 4.2.5 Further investment within this project reduces available funds for other NBC priorities.
- 4.2.6 There is a risk that DAPT sign off a business plan which is not supportive or sustainable given requirements to cover loan repayments/ cash flow repayments.

Resources

Capital

- 4.2.7 Additional funding required for the capital elements of this report have been detailed at table 1. This includes the cash-flowing of DAPT's fundraising target (as included in the original capital programme bid and as approved by the HLF), up to £812k, in the event that this is not achieved by the July 2016 opening date. Any amounts cash-flowed by NBC will be repaid through operating surpluses generated across the life of the DAPT business plan. The agreement for this cash flow would involve NBC having oversight and a role in the financial control and monitoring of DAPT's financial performance to ensure this investment is returned to the Council.

Revenue

- 4.2.8 There is a requirement for additional revenue contributions in terms of a grant to DAPT of up to £150k, and a loan facility of up to £100k as per recommendations at paragraphs 2.2 and 2.3.
- 4.2.9 The £150k grant will be funded firstly from any regeneration underspends in the current 15/16 budget, then from the Regeneration Directorate revenue reserves.
- 4.2.10 The £100k loan will be funded from existing NBC reserves, with repayments by DAPT replenishing these reserves directly.

4.3 Legal

- 4.3.1 Specific items within the additional capital works are outside of the current geographical tender linked to the Phase 1 restoration works. It is envisaged that these will be procured via the EMPA framework.
- 4.3.2 Remaining capital works which are within the geographical boundary of the restoration works will be instructed via the contractual mechanisms between the Council and Robert Woodhead Ltd as the main restoration contractor.
- 4.3.3 Formal legal agreements will be required to cover the provision of additional monies as set out in the Recommendations. Where possible terms will be written into the Partnership Agreement and Lease between the Council and DAPT. Where this is not possible DAPT will be asked to enter into separate documents.

4.3.4 Full engagement will take place with LGSS Law to ensure that the Council is protected and minimises its risks.

4.4 Equality and Health

4.4.1 No specific health or equality matters have been raised by these proposals.

4.5 Consultees (Internal and External)

4.5.1 Council officers, DAPT Trustees and their Director, LGSS Finance expert support as well as the appointed Design Team for the restoration have all been involved within the review of the additional capital works required.

4.5.2 Council officers, DAPT Trustees and Director as well as expert LGSS Finance support continue to be involved in the thorough and inclusive review of the DAPT Business Plan.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The successful restoration of the Grade II* listed Delapre Abbey is the key heritage priority for the Council. The additional capital works will assist in the successful conclusion to the Phase 1 works.

4.6.2 The ongoing sustainability of the Abbey will be delivered by DAPT and the thorough and inclusive review of the Business Plan will assure the Council that all known costs are reviewed and confirmed so to inform the business moving forwards.

4.7 Other Implications

4.7.1 The requirement to gain HLF agreement to the revised DAPT Business Plan is paramount and failure to deliver this places at risk the £3.6m funding from them.

5. Background Papers

5.1 The previous Cabinet Report dated the 8th May 2013 is offered in support of this report.

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