



CABINET REPORT

Report Title	DELAPRE ABBEY RESTORATION PROJECT
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	13 th April 2016
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 additional capital contributions to cover increased costs of the previously approved restoration of Delapre Abbey.
- 1.2 To consider and approve the entering into of a suite of legal agreements between the Council and Delapre Abbey Preservation Trust (DAPT) to enable Delapre Abbey to operate successfully.

2. Recommendations

- 2.1 That Cabinet approves the increase of £934k to the capital programme towards the restoration of Delapre Abbey to enable successful completion of the original project.
- 2.2 That Cabinet delegates to the Director of Regeneration Enterprise & Planning and the Chief Finance Officer in consultation with the Cabinet Member for Regeneration and Planning and Cabinet Member for Finance, the authority to identify and agree an appropriate funding source for the unsecured funding gap of £671k, firstly through the HLF, then service reserves, corporate reserves or borrowing.

- 2.3 That Cabinet delegates to the Director of Regeneration Enterprise & Planning the authority in consultation with Cabinet Member for Regeneration & Planning to agree the terms of the legal agreements identified in paragraph 3 of this report with DAPT.

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 the Council and will see the Abbey opened to the public for the first time in its 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. Original project costs are £6.3m, the gap funding being made up of contributions from the Council, additional grant funding from charities and a requirement on DAPT to fundraise a further £812,000.
- 3.1.3 Phase 1 restoration works commenced March 2015 and works are due to complete in October 2016.
- 3.1.4 The restoration of Delapre Abbey will deliver a prime heritage attraction destination for the town of Northampton. Delapre Abbey will offer commercial activities, ranging from corporate events through to weddings. Delapre Abbey will also represent a key offsite learning facility for Key Stage 2 – 5 education departments.
- 3.1.5 Cabinet previously approved in October 2015 additional funds towards additional deliverables such as restoration of the Delapre Lodge, the provision of additional car parking facilities and monies for Superfast Broadband. Within the funding solution for this the Council were still to resolve discussions with the HLF regarding an additional provision of £128,000. These discussions have now been concluded and were unsuccessful due to HLF viewing the costs as outside the original HLF bid.
- 3.1.6 In agreeing the original HLF application, the Council committed to enter into a Lease for Delapre Abbey with DAPT once the restoration works were completed. With ongoing discussions it has become apparent that further legal agreements are required for licensed areas outside of the Delapre Abbey buildings.
- 3.1.7 Cabinet will recall that the Council has previously committed to support DAPT during pre-opening and in early years of operation with revenue funding of £150,000 plus a cashflow loan of up to £100,000 until the business has established and is running at a positive cash position.
- 3.1.8 Cabinet will recall that the Council has previously confirmed that the £812k fundraising target as part of the original HLF application would be cash flowed by the Council and then recouped via future surpluses generated by DAPT. It is expected that DAPT will maximise the asset to achieve this over the duration of the initial lease period.

3.2 Issues

Capital Scheme – existing works

- 3.2.1 In undertaking project reviews, the Council's Programme Manager has identified a number of items which need to be worked through and delivered to enable the restoration of Delapre Abbey to be a success. This is not an

unusual position for restoration projects, especially of buildings of this age. Cabinet should be comforted that the restoration works are uncovering the rich heritage of Delapre Abbey and that this will be celebrated via interpretation once open to visitors.

- 3.2.2 Cabinet should also note that the original project was developed a number of years ago, and that delivery costs have increased since. These in the main have been managed within the budget envelope.
- 3.2.3 The restoration works to the Southern Range rooms were originally anticipated to cost £150,000. The specification having been approved prior to the HLF approving the grant application. During the tender stage this was reduced to £50,000.
- 3.2.4 In reviewing the specification it is clear that this will not deliver the original commitments made to the HLF regarding a 'full' restoration. A further scheme of restoration for the Southern Range rooms has therefore been proposed.
- 3.2.5 English Heritage (now Historic England) objected to an element of the HLF Phase 1 plans and usage of spaces were amended in readiness for the 2013 Planning Application.
- 3.2.6 The amendments were not fed through into the grant application, therefore the cost impacts of these were not reviewed and included within the final grant application.
- 3.2.7 Additional works to the 18th Century Stable Block and Coach House are required to deliver the commitments to the HLF.
- 3.2.8 The awarded value of monies for archaeology did not identify the costs involved in delivering the required final report on activities, finds and importance. Whilst the original budget is maintained in terms of field work there are additional costs associated with completing the final reports.
- 3.2.9 The following list summarises the cost impacts of the above items.
- Restoration scheme for the Southern Range principle rooms within the awarded tender were £50,000. The proposed restoration project is £624,000. This represents a cost impact of **£574,000**
 - The original grant award and tender document included a provisional sum of £50,000 for the works to the 18th Century Stable Block and Coach House. Revised costs are £163,471. This represents a cost impact of **£113,471**.
 - Archaeology costs will increase from £39,600 to £65,500. This represents a cost impact of **£25,900**
 - Additional design team costs linked to the increased contract duration. This represents a cost impact of **£70,100**
 - Historic England have instructed a change in stone for the Conservatory. This represents a cost impact of **£75,000**
 - Cabinet will be aware that the recently approved planning application for the car parking has resulted in a number of conditions. To ensure that these conditions are successfully met further additional works such

as security improvements and lighting will be required and this is estimated to cost **£75,000**.

- Cabinet approved report of October 2015 included a provision of further capital monies from the HLF linked to the car parking of **£128,000**. These monies have not been secured so provision is required for this.

3.2.10 Council Officers in partnership with the design team and the contractor at Delapre Abbey have already reviewed the tender specification and a series of 'Value Engineering' options have been adopted. The following represent a summary of the actions already undertaken in mitigation of additional costs.

- External Landscaping. The external soft and hard landscaping programme has been scaled back. This has been completed in conjunction with DAPT who will manage Delapre Abbey once opened.
- External Hardstanding. Back of house areas have been scaled back in terms of modernising the already suitable stone surfaces.
- Drainage. Where possible new drainage has been omitted with isolated repairs and drain linings installed instead.
- Precast Concrete to Insitu. Where possible offsite fabrication has been removed and superseded by casting of concrete onsite.
- Underfloor heating to radiator systems. Expensive underfloor heating to the education space and also visitor centre have been removed and replaced with a more cost effective radiator system.
- Removal of concrete slab reinstatement. Where concrete slabs were due to be removed and replaced with limecrete, these have been omitted from the programme.
- Water Main. The water main from London Road was due to be replaced, however as this is in an acceptable condition with little recent maintenance liabilities, the decision has been taken to omit these works from the programme.

It is reasonable to assess that the full extent of the Value Engineering to the contract is to reduce expenditure on the above items by approximately £250,000. The drainage works continue and will be re-priced once completed.

3.2.11 The original HLF award included for over £319k of contingency linked to the delivery of the capital scheme. The contingency was heavily expended when the original tender documents were received and these were over the approved figures as per the HLF award. The £319k contingency was nearly fully expended in agreeing the tender figures, only leaving an available balance of £10k.

3.2.12 The remaining contingency sum of £10k was bolstered by allocating the £140k inflation pot. A large element of this money has been allocated as part of the previous match funding towards the car park project. It is prudent to keep the remaining contingency available so as to ensure that the revised financial envelope is not further exceeded.

3.2.13 Council Officers have already worked through within existing delegations the funding options relating to the funding gap of £934k within this report.

Additionally, the £128,000 previously sought from the HLF as funding towards the car parking costs has also been explained within this report.

Table 1 below identifies the works completed and confirms that subject to cabinet approval the funding gap has been reduced by re-allocation of monies from elsewhere within the existing Capital Programme.

TABLE 1

	£000
Capital Expenditure	
Original Capital scheme - HLF Round 2 application	5,650
Additional expenditure for education space, car park, cottage – approved and secured by Cabinet on 21 st October 2015	525
Additional expenditure identified	934
Total revised capital expenditure	7,109
Capital Funding	
Original Capital scheme - HLF Round 2 application	-5,650
Funding approved by Cabinet on 21 st October 2015	-397
Secured contributions:	
Variations from within existing capital programme	-391
Unsecured contributions:	
Additional funding for increased expenditure within this report	-543
Unsecured monies as at the 21 st October 2015	-128
Total revised capital funding	-7,109

The current funding gap identified is therefore a total of **£671k**. This is made up of additional costs to the original programme of £543k and the unsecured funding of £128k as at the 21st October 2015 cabinet report.

3.2.14 It is proposed to formally approach the HLF in regards to funding the current unsecured contributions identified in this report of £543k. If the HLF do not come forward with the funding, then the Council due to the monies being a requirement to complete the restoration in line with the HLF grant conditions, would need to identify an alternative source of funding. The additional funding would need to be found through either reviewing the existing capital programme, reserves or additional borrowing. An initial review has indicated that this is most likely to be taken from service reserves then corporate reserves.

Capital scheme – additional expenditure for education space, car park and cottage – approved by Cabinet on 21st October 2015

3.2.15 Cabinet previously approved the funding of additional works outside of the remit of the original HLF deliverables, on 21st October 2015. Included within the funding solution, an amount of £128k was identified as being unsecured and pending conclusion of discussions with the HLF.

3.2.16 Council Officers have now concluded discussions with the HLF in relation to the £128k and were unsuccessful in securing additional funding. The HLF have confirmed that as this is outside the delivery of the Phase 2 bid, they would not consider additional capital monies for this.

3.2.17 The Council are therefore left with the requirement to fund the shortfall of £128k in addition to the potential funding gap of £543k if further HLF negotiations are not successful. It is proposed to fund the £128k from within the Council's reserves.

Legal Agreements

3.2.18 The entering into a Lease regarding the main Delapre Abbey buildings was included within the original HLF bid and grant awards, which received Cabinet approval.

3.2.19 Following commencement onsite and working through delivery solutions post opening, it has become apparent that a number of additional legal documents will need to be entered into. All of these will be used to formalise the relationship between the Council and DAPT.

3.2.20 The Lease for the Delapre Abbey building will enable DAPT to manage the overall heritage attraction; however licences will be required for external areas to enable a wider heritage offer.

3.2.21 The licensed areas include the South Lawn, the Eastern Gardens, the Walled Garden and both the existing carpark/hardstanding and also the proposed new car parking to the north of the drive. The form of these agreements have not yet been settled, however these will be developed by LGSS Law on behalf of the Council.

3.2.22 Following advice regarding State Aid and with a view of a potential future Phase 2 it is recommended that the Council also signs separate lease agreements with DAPT regarding the 19th Century Stable Block.

3.3 Choices (Options)

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

3.3.2 Cabinet can choose to approve the additional sum required following unsuccessful discussions with the HLF regarding additional grant monies.

3.3.3 Cabinet can choose to approve the entering into of additional legal documents which are to be drafted and advised upon by LGSS Law to enable the ongoing successful heritage operation.

3.3.4 Cabinet can choose to not approve the additional capital contributions and legal documents. However, whilst the current Phase 1 restoration will save Delapre Abbey in terms of its physical asset it will not deliver a sustainable heritage attraction, or enable DAPT to manage the environs of Delapre Abbey in a way that will facilitate the operation. This puts at risk the original £3.6m grant from the HLF, as the conditions of the grant are to create a sustainable asset.

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 recommendation within this report does require Cabinet to approve additional funding towards the Delapre Abbey restoration project which will represent additional funding required over and above already approved capital programmes.
- 4.2.2 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.
- 4.2.3 Further investment within this project reduces available funds for other Council priorities and could result in additional borrowing requirements if the HLF bid is unsuccessful, which would have revenue implications for the Council.
- 4.2.4 Failure to achieve the legal agreements will lead to a reduced offer from DAPT which in turn puts at risk the long term sustainability of the asset as a heritage attraction.

Resources

Capital

- 4.2.7 Additional funding required for the capital elements of this report have been detailed at table 1.

Revenue

- 4.2.8 If additional borrowing is deemed necessary, this could result in additional revenue funding being required to fund any borrowing costs.

4.3 Legal

- 4.3.1 Legal advice will be sought from LGSS Law at all stages who will work with Council Officers in drafting, formulating and agreeing the suite of documents required, including licences and leases. LGSS Law will identify and ensure that the documents are legally binding, but allow the Council flexibility should DAPT be unsuccessful in operating Delapre Abbey.

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, the DAPT Director and LGSS Finance experts have all been involved within the review of the additional capital works required.

4.5.2 Council officers and LGSS Legal experts will be involved in drafting the legal documents.

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 None

5. Background Papers

5.1 Cabinet Report dated the 8th May 2013 and 21st October 2015.

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