

**CABINET**
**10<sup>th</sup> November 2020**
**DIRECTOR OF FINANCE: BARRY SCARR**
**CABINET MEMBER WITH RESPONSIBILITY FOR CHESTER FARM:  
CLLR LIZZY BOWEN**

Subject:	<b>Addendum to the report - The future sustainability of Chester Farm</b>
Revised Recommendations:	<p>That Cabinet:</p> <ol style="list-style-type: none"> <li>1. Endorses the updated Business plan for Chester Farm and acknowledges the progress made over the last 6 months.</li> <li>2. Supports the proposed media launch (date to be determined).</li> <li>3. Approves the proposal to uplift the budget by £850k for the bond funding which is required in order to complete the capital works as indicated in the December 2019 Cabinet report.</li> <li>4. Approves the uplift of the capital budget by £722k in respect of Heritage Lottery Grant Funding previously assigned to revenue for project management and other fees which will now be capitalised.</li> <li>5. Approves the further uplift of the capital budget by £700k in anticipation of a further Heritage Lottery Grant.</li> </ol>

**1. Proposed Media Launch**
**1.1 Update to paragraph 5.11 of the report:**

Due to the Covid-19 November to December National Restrictions the launch of the site, originally planned for 1<sup>st</sup> December 2020, has been postponed until it is safe for site engagement with members of the local and national press.

**2. Tender Process**

2.1 The Cabinet report sets out, in paragraph 6.2, the remaining capital works budget including provision from the December 2019 Cabinet as £4,081,200.

2.2 The Pre-tender estimated cost (PTE) was £2,670,800. Only one tender was received when the procurement closed on 2<sup>nd</sup> October. Following a period of clarifications by the project team and the Quantity Surveyors, the value of the tender is currently at £3,998,831.

- 2.3 The headline differences in the PTE to tender arise from a £220k increase linked to the bidder allowing for all new flooring, doors and iron guttering. The mechanical and engineering (M&E) package is £600,000 above the PTE almost entirely due to M&E contractors who worked on the previous Shaylor contract, adding in the lost income they experienced as a result of Shaylor going in to administration. The risk in bringing in new contractors is that NCC would not obtain warranties for either the previous or new M&E, which builds in unacceptable risks for the future.
- 2.4 However, following a face-to-face meeting with the bidder, they have agreed to carry out an inventory on site, at no cost to NCC, in order to provide a further breakdown of costs with current M&E providers and a fuller estimate of what other previous work can be reclaimed. This work will start on Wednesday 11<sup>th</sup> November for two weeks. The finalised tender value will be provided following this and it is anticipated that further reductions in contract price will be achieved.
- 2.5 If the contract sum can be achieved the bidder has a short lead in time to fully starting construction on site, so that the projected timeline for the completion of the capital works and the site becoming operational, will not be compromised.
- 2.6 The Senior Responsible Officer and Project team maintain a healthy and transparent relationship with the National Lottery Heritage Fund who have been appraised of the current tender situation.
- 2.7 NHLF have agreed in principle for a £700,000 grant application increase to be considered and invited an application from NCC to be submitted forthwith. As a major stakeholder they are working with NCC to ensure site and project completion. This will decision will be made formally on 18<sup>th</sup> December 2020.
- 2.8 If the new NHLF grant application is not successful the intention is to complete the capital works within the existing budget envelope through any value engineering that is necessary but will not compromise the delivery of the business plan.

### **3. Uplift of the Capital Budget**

- 3.1 In paragraph 6.5 of the report Cabinet is informed that in the December 2019 Cabinet report, £3,245k of Heritage Lottery Grant was assumed as part of the capital funding envelope. However, with a review of expenditure and capitalisation this is now increased to a total of £3,967k, not £3,917k as stated in the report, as the proposed £50k contingency for revenue items is not required. A contingency is already built into the revenue budgets for the business plan.
- 3.2 Therefore the capital uplift requested from this HLF Grant is for £722k

3.3 As detailed in section 2 above a further uplift capital uplift is requested for £700k in anticipation of the further grant award by HLF. This will provide the approval for the maximum spend needed to ensure site completion is secured for NCC and the future Unitary Authorities.

3.4 The revised split of the capital works is shown below, taking in to account the additional funding anticipated from NHLF:

Construction Works	£2,527,800	£3,200,000
Contingency	£260,262	£260,262
Professional Fees	£196,446	£196,446
Project Management Fees	£217,692	£217,692
Clerk of Works	£24,000	£24,000
Archaeological Fees	£10,000	£10,000
Statutory Fees	£25,000	£25,000
Additional Capital Works	£800,000	£800,000
Miscellaneous Hire	£20,000	£20,000
<b>Total</b>	<b>£4,081,200</b>	<b>£4,766,954</b>

3.5 The revised overall financial position is summarised in the table below:

	<b>£000</b>
<b>Capital Expenditure:</b>	
Spend to date (end September 2020)	9,858
Other professional fees to tender stage still to be invoiced	58
Further expenditure (see 6.2)	4,767
<b>Total Expenditure</b>	<b>14, 683</b>
<b>Funded By:</b>	
Discretionary Borrowing – approved	-8,464
Heritage Lottery Fund – received	-3,433
Heritage Lottery Fund – final claim	-484
Additional Lottery Grant (Dec 20)	-700
Highways Capital Grant	-436
Revenue Contribution to Capital	-330
Other Income	-850
<b>Total Funding</b>	<b>-14,697</b>

3.6 There is no direct financial implications for NCC as a result of this addendum and no further allocation of funds is being requested.