

CABINET

10th November 2020

DIRECTOR OF FINANCE: BARRY SCARR

**CABINET MEMBER WITH RESPONSIBILITY FOR CHESTER FARM:
CLLR LIZZY BOWEN**

Subject:	The future sustainability of Chester Farm
Recommendations:	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Endorses the updated Business plan for Chester Farm and acknowledges the progress made over the last 6 months. 2. Supports the proposed media launch on 1st December 2020. 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. 4. Approves the uplift of the capital budget by £672k in respect of Heritage Lottery Grant Funding previously assigned to revenue for project management and other fees which will now be capitalised.

1. Purpose of report

1.1 The purpose of the report is to bring Cabinet members up to date with the current position of the Chester Farm programme and to highlight the key changes made to the Business Plan and associated financial projections since it was last presented to Cabinet in December 2019.

2. How this decision contributes to the Council Plan

The Council's vision is for Northamptonshire to be a county where everyone looks after each other and takes responsibility, where the vulnerable are protected and supported and where the people who can help themselves receive the assistance they need to stay independent and healthy.

This initiative helps the Council to deliver this vision through the following strategic priorities outlined in the Council Plan:

- Enabling individuals and communities to achieve better outcomes.
- Engaging with partners and communities to co-design and co-deliver services.
- Using innovation to find better and more sustainable ways of delivering

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| <p>services ensuring they are efficient and affordable in the long term.</p> <ul style="list-style-type: none">• Utilising the Council's assets effectively. |
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3. Background

- 3.1 Chester Farm is a nationally important 35-hectare Scheduled Monument, with a complex of listed farm buildings at its centre, owned by the County Council since 2002. It sits just south-east of Wellingborough, in the Nene Valley and opposite a Site of Special Scientific Interest (SSSI). The Council has a statutory responsibility to preserve and maintain the site's heritage. Support of £3.97m was secured from the National Lottery Heritage Fund (NLHF - formerly the Heritage Lottery Fund) in 2013. This enabled the authority to embark on an ambitious project to develop the site.
- 3.2 The County Council's commitment is to secure the long-term sustainability of the site by creating both a visitor destination and a commercial offer. The business case presented in December 2019 was based on the development of the site on a 'mixed use' basis with certain buildings and activities providing core income generation that will support the site's operational costs, including the heritage, education and community engagement offer necessary to meet the funding requirements of NLHF.
- 3.3 Cabinet agreed in December 2019 to support a further capital investment of £1.374m following a comprehensive options appraisal. Cabinet also agreed` to delegate authority to the Executive Director of Finance, in consultation with the Deputy Leader (portfolio holder for Chester Farm) to progress with the procurement of a new contractor to complete the construction.

4. Contractual Position

- 4.1 Northamptonshire County Council decided upon a procurement route using the Fusion 21 framework. The framework offered the council an ability to approach the market swiftly. Contractors on the framework had already passed rigorous quality assessments.
- 4.2 The tender went live on Friday 6th March 2020 and the process closed in April. Unfortunately only one bid was received which was significantly above the budget allowance and also not accepted due it being non-compliant.
- 4.3 An independent Post Tender report was completed to help us understand where the bid was at odds with the Pre-Tender Estimate and what other factors were at play such as the impact of Covid-19.
- 4.4 NCC Leadership Team discussed the issue in May and agreed at that point to pause going back out to tender due to the uncertainties in the market caused by the pandemic and to liaise with NHLF to secure this leeway.
- 4.5 On 4th May 2020 the new Chester Farm Business Development Manager Jack Pishhorn took up post. The pause in tender process has afforded him the opportunity to get up to speed, review the Business Plan and to build

relationships with key stakeholders such as NHLF, Historic England, Natural England, Nenescape and academic partners amongst others.

- 4.6 In addition, soft market testing was carried out during May 2020 which indicated that the market was becoming more positive following the lockdown period – with supply chains and sub-contractors also following suit. This intelligence was used by the NLT to review the impacts upon the project and it was agreed that the project should progress with a new ‘open-book’ tender process.
- 4.7 As part of the discussions about the refreshed Business Plan with the CF Project Board, including NLHF, the Pre-Tender documents were also updated to ensure the capital works align with the new business plan and will deliver buildings and spaces that will enable the new Plan to be implemented effectively.
- 4.8 This process added in a slight further delay in the new procurement process, the impact of which means the site will not be open to the public until October 2021.
- 4.9 The new Capital Works tender was issued via an ‘open tender process’ on 25th August 2020 and closed on 2nd October. The evaluation process is underway and the aim is to award the contract in November and for works to start on site in December 2020.
- 4.10 The only exception to this will be the commissioning and finalisation of the ARC as it is already near completion. This will be tendered separately off framework as the sooner we can operationalise the building the sooner we can save on other archive storage costs, start generating income and provide better work space for the Chester Farm team.

5. Business Plan refresh and Key Changes

- 5.1 The covid ‘pause’ and refresh of the plan and tender documents mean that the opening date is now planned to be October 2021. Financial projections have been updated to reflect this for both 2020/21 and 2021/22. However every effort will be made to make certain elements of the site operational ahead of the full opening to the public in October 2021 so that any opportunities to secure commercial income and/or save on revenue costs will be maximised as soon as practicable.
- 5.2 All commercial activity now has recorded expenses against each income line. All potential operational expenses are now identified in greater detail. E.g. staff uniforms, training and development, EPOS systems, the Natural England Stewardship Scheme, marketing and PR, general expenses, office supplies and bank/merchant charges.
- 5.3 The NCC Chester Farm revenue budget has been scrutinised in detail to ensure it matches the Business Plan. Revenue spend that currently sits in the HLF capital works was also not included and now is. There is now a clear and relevant revenue forecast for the next 48 months covering the Chester Farm restoration works and opening period. The projected income lines and operations have been revisited to ensure we can become financially sustainable and the business plan is achievable.

5.4 The refreshed Business Plan and summary of the changes (captured in the visual slide set) are appendices to this report.

5.5 In summary these changes include:

- running the catering in-house;
- introducing a Chester Farm retail offering - changing the use of buildings 5, 6 and 7 for retail letting instead of commercial SME lets for which the market is now unclear;
- increasing the amount of visitor events and programming and introducing a second wedding venue (marquee);
- using the residential flat in the main farmhouse building as a bed and breakfast offer for customers attending events such as weddings.
- using the large new building 17 to present the entire Chester Farm story, through the interpretation project, as a museum piece, to sit opposite building 12 which will be our main education space. This will enable Chester Farm to apply for museum accreditation;
- making Chester Farm a free to enter site by removing the car parking charge.
- installing an outdoor play area and log cabin to provide on-site accommodation for our Facilities Supervisor who has recently been recruited.
- a revised staffing structure which now includes a full time Catering Manager, Catering Supervisor, Operations Supervisor and Events and Weddings Officer. The structure also includes seasonal and casual roles for the education, events and catering offerings.
- to accompany the changes within the Business Plan, Holman Neville has been commissioned to provide 11 hand drawn artist impressions of Chester Farm. These pictures include large scale events down the main drive, the artisan shopping courtyard, the interpretation centre and the bed and breakfast offering.

5.6 The refreshed Business Plan has been shared with NLT and with NHLF and other key stakeholders with positive feedback.

5.7 It is intended that Chester Farm has a standalone identity and brand, which is currently under development and a Chester Farm Website has been commissioned and scoped. It will be fully smartphone friendly, linked to the Chester Farm EPOS till system allowing online ticket sales and donations.

5.8 A huge amount of work is ongoing around developing key partnerships and stakeholder relationships in support of the future delivery of the business plan and of the planned education and outreach programme. The vision for this programme and the activity plan which sits within it have been refreshed. The vision is for the education and outreach work is:

‘To make the Chester Farm Heritage Park somewhere that people want to come; a place that through education, learning and enjoyment adds value to their lives, and help them to appreciate Northamptonshire’s outstanding heritage.’ ‘By developing and delivering outstanding educational programmes through the ‘4 to 104 years’.

- 5.9 Developing partnerships include those with the University of Leicester where there is agreement for UOL to carry out university led digs at Chester Farm within the walled garden. UOL will also involve many local schools and community groups. The next dig will take place May-June 2021. UOL have also shared interest in involving their museum and interpretation department to aid the development of our interpretation spaces and providing the ARC curator a PHD student for 12 months. They will also be heavily involved in our development of the Chester Farm guidebook and history map.
- 5.10 Other emerging partnerships include University College London, Moulton College, Tresham College, Northampton College and the University of Northampton. Discussions underway cover a range of opportunities such as student placements / courses for archaeological fieldwork, archiving, land management, retail, events and marketing / social media and Artificial and Virtual Reality technology; geophysical surveys of the site, 3d modelling, land management, site restoration projects and agricultural education experiences.
- 5.11 A launch of the site is being planned for 1st December 2020 and to facilitate this a Chester Farm documentary/launch video has also been commissioned.

6. Financial Implications and Budget update

- 6.1 Before going out to tender again in August a further affordability reassurance exercise was undertaken and presented to the Project Board. The exercise identified that the Pre Tender Estimate generated by the appointed external Quantity Surveyors was within the overall budget envelope agreed by Cabinet as part of the December 2019 report. Additionally the approved budget covers costs of professional appointments such as the design team, clerk of works and project managers.
- 6.2 The remaining capital works budget including the provision from the December 2019 Cabinet equates to £4,081,200. This includes use of the £850,000 bond NCC is due to receive from the Bondholder, as a result of the administration process following the collapse of Shaylor Plc, once the capital works are completed. The split of expenditure is as follows:

Construction Works	£2,527,800
Contingency	£260,262
Professional Fees	£196,446
Project Management Fees	£217,692
Clerk of Works	£24,000
Archaeological Fees	£10,000
Statutory Fees	£25,000
Additional Capital Works	£800,000
Miscellaneous Hire	£20,000

6.3 The overall financial position is summarised in the table below:

	£000
Capital Expenditure:	
Spend to date (end September 2020)	9,858
Other professional fees to tender stage still to be invoiced	58
Further expenditure (see 6.2)	4,081
Total Expenditure	13,997
Funded By:	
Discretionary Borrowing – approved	-8,464
Heritage Lottery Fund – received	-3,433
Heritage Lottery Fund – final claim	-484
Highways Capital Grant	-436
Revenue Contribution to Capital	-330
Other Income	-850
Total Funding	-13,997

6.4 In the Cabinet report of December 2020 the allocation of the bond to the programme was implied but not explicit. Cabinet's approval for its allocation is now requested.

6.5 Also, 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 £3,917k leaving a small £50k contingency against revenue items. As can be seen in the above table £3,433k of this grant has now been claimed, received and allocated to capital.

6.6 The revised 5 year Profit and Loss account resulting from the refresh of the Business Plan is attached as Appendix 1. As in the Business Plan of November 2019 the site is expected to start making a profit in year 2, but under the new plan the margins are greater, projected at circa £70k rather than £16k

6.7 The ongoing revenue position is summarised below. These figures are extracted from the more detailed 5 year P&L in Appendix 1 and rounded to the nearest 1000.

	20-21	21-22	22-23	23-24	24-25	25-26
Expenditure						
Staffing	-116,500	-291,000	-365,000	-377,000	-377,000	-377,000
Catering	00	-51,000	-99,500	-101,000	-101,000	-101,000
Retail	00	-7,000	-8,000	-8,000	-10,500	-10,500

Events	00	-6,000	-43,000	-43,000	-46,000	-50,000
Education	00	-8,000	-15,000	-15,000	-15,000	-15,000
Accommodation	00	00	-3,000	-3,000	-3,000	-3,000
Archiving Centre	-34,000	-14,000	-22,000	-22,000	-22,000	-22,000
Maintenance and Services	-156,000	-94,000	-86,500	-96,000	-96,000	-96,000
Marketing and PR	0.00	-28,000	-28,000	-28,000	-28,000	-28,000
Site Operations	-2400.00	-6,000	-8,000	-8,000	-8,000	-8,000
Total Expenditure	-309,000	-506,000	-678,000	-702,000	-708,000	-711,000
Income						
NCC Contribution	178,000	178,000	179,000	180,000	180,000	180,000
Artisan Shopping Lets / Land	36,000	41,000	74,000	75,000	73,000	84,000
Retail	00	6,000	15,000	15,000	20,000	20,000
Accommodation	00	00	25,000	25,000	25,000	25,000
Education	00	18,000	42,000	48,500	56,000	61,000
Archiving Centre	14,000	10,000	10,000	12,000	15,000	25,000
Donations	00	5,000	10,000	10,000	15,000	15,000
Catering	00	83,000	256,500	265,000	265,000	275,000
Events	00	50,000	136,000	154,000	180,000	204,000
Total Income	228,000	391,000	748,000	784,000	829,000	888,000
Total Profit/Loss	-81,000	-115,000	70,000	82,000	121,000	177,000

7. Consultation, engagement and Scrutiny

7.1 Scrutiny Committee held a session dedicated the Chester Farm following the Cabinet report in December 2019.

7.2 There has also been regular dialogue with the National Lottery Heritage Fund as the main partner funding body. The initial funding period for the project expired in July 2019. NCC applied for an extension to July 2021 and was granted one until October 2021.

8. Equality screening

8.1 The report has no immediate or direct impact on equalities. It will be important to do equalities impact assessments when it gets to the detailed planning of individual activities that will be delivered on site.

Reason that no EqlA is required	as appropriate
The paper is for information only	
The proposal/activity/decision has no impact on customers or	

the service they receive	
The proposal impacts upon staff but the proposed staffing changes will not affect the service that customers receive*	
Other (Please explain further)	

*Where a proposal affects staff, the appropriate HR processes will be followed, which have already been subject to the EqlA process and will be compliant with HR legislation

9. Risk and Business Continuity Management

a) Risk(s) associated with not undertaking the proposal (use of Bond)-

Risk	Risk Rating
Site not completed in time and in budget remains an ongoing financial liability	Red
NCC may lose the National Lottery Heritage Fund grant	Red
Loss of reputation and County Council unlikely to get grant support for future heritage projects.	Red

10. List of Appendices

Appendix 1 - Chester Farm Business Plan August 2020

Appendix 2 - Chester Farm Business Plan presentation (key changes)

Author:	Name: Kerry Purnell Team: Assistant Director, Corporate & Community Services
Contact details:	Tel: 07787 266210 Email: kepurnell@northamptonshire.gov.uk
Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so please outline the timetable here	No
Does the report include delegated decisions? If so, please outline the timetable here	No
Is this report proposing an amendment to the budget and/or policy framework?	Yes, use of the bond as part of the capital programme
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications passed through Capital Programme governance procedures?	YES Name of SFM: Rosemary Pallot YES reports monthly to the Capital Board and was subject to a focussed review on 5 th October 2020
Has the report been cleared by the relevant Director?	Name of Director: Barry Scarr

Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Lizzy Bowen
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee:
Has the report been cleared by Legal Services?	YES Name of solicitor: Edwina Adefehinti
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property Issues been cleared by Property and Asset Management?	YES Name of officer: James Wheeler
Have the Procurement Implications below been referenced in the Paper:	YES New contract approach agreed with LGSS Procurement
Are there any community safety implications?	N/A
Are there any environmental implications:	<p>The whole scheme has been through a Planning Process. This includes consultation with statutory partners including Natural England, Environment Agency and Highways Agency.</p> <p>The whole flood and drainage scheme for the site was designed to have minimal environmental impact by the use of a klargester, for example. There are some solar panels on some of the buildings though the extent this was constrained by the nature of the historic buildings.</p>
Are there any Health and Safety Implications:	YES Risk assessment have already been undertaken in terms of visitors using the green space. These will be reviewed and updated prior to the site being opened, and will include all hazards relating to the use of the buildings.
Are there any Human Resources Implications:	YES Staff are being recruited as per the Business Plan
Are there any human rights implications:	NO Checked with Legal Services.
Constituency Interest:	Irchester Ward, Borough Council of Wellingborough