

# WEST NORTHAMPTONSHIRE COUNCIL CABINET

**12<sup>TH</sup> OCTOBER 2021**

**COUNCILLOR RESPONSIBLE FOR ECONOMIC DEVELOPMENT, TOWN CENTRE  
REGENERATION AND GROWTH: COUNCILLOR LIZZY BOWEN**

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| <b>Report Title</b>  | <b>24 Guildhall Road refurbishment and relocation of Northampton Arts Collective Limited</b>  |
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## List of Appendices

**Appendix 1 – Getting Building Fund grant agreement (version 3)**

**Appendix 2 – Extent of Works Plan**

## **1. Purpose of Report**

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- 1.1 The purpose of this report is to update Cabinet and seek the necessary approvals to deliver the Getting Building Fund (GBF) funded project for the refurbishment of three floors and essential repairs to the roof at 24 Guildhall Road (the former Northamptonshire County Council (NCC) offices) for use by Northampton Arts Collective Limited and their resident artists. This includes the lease agreement between West Northamptonshire Council (WNC) and Northampton Arts Collective Limited for peppercorn over a term of 25 years and the associated Partnership Agreement.

## **2. Executive Summary**

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- 2.1 This report provides context on the GBF grant (appendix 1 – GBF Grant Fund Agreement) that was awarded to Northampton Borough Council (NBC, now part of WNC) in December 2020 for the refurbishment of the lower ground floor, upper ground floor and first floor of 24 Guildhall Road, NN1 1DP.
- 2.2 The Northampton Borough Council cabinet decision on the 9 September 2020 defined the outputs of the refurbishment of 24 Guildhall Road in paragraph 3.1.25 as making ‘the building fit for occupation and public use: carrying out essential roof maintenance, windows and façade repairs, mechanical and electrical works, internal and external access improvements and various part M (access and use) modifications. During the due diligence process for the GBF Funding and after the appointment of the Design Team, it became clear that the funding was sufficient to refurbish three floors with essential repairs to the roof and façade of 24 Guildhall Road. This was reflected in the Northampton Borough Council cabinet report on 17 February 2021, paragraph 3.1.28, ‘The project will make the lower ground, upper ground and first floor fit for occupation and public use; carrying out essential roof maintenance, windows and façade repairs, mechanical and electrical works, internal and external access improvements and various part M (access and use) modifications.
- 2.3 However, the position has now changed from the above to a refurbishment of key spaces within Northampton Arts Collective occupation. This has been driven by the requirement to save on cost and the successful award of further funding through the Towns Fund of £1.75m and is explained further at paragraph 4.13 below.
- 2.4 The process to obtain the GBF grant including the due diligence process, the design development, procurement, and subsequent value engineering is explained in paragraph 4.22 to 4.25. This remains unchanged from the cabinet report dated 17 February 2021.
- 2.5 The extent of works plan, general arrangement drawings and visuals for the refurbishment project are provided in appendix 2.
- 2.6 The next stages of the capital project are explained including the WNC project governance process, the procurement process for a principal contractor and the construction programme in line with the GBF grant agreement milestones (appendix 1).

- 2.7 The GBF funded refurbishment of 24 Guildhall Road including essential repairs to the flat roof coverings is the first phase of the project to refurbish the entire building. This phase one will see the refurbishment of 50 per cent of the basement gallery, 50 per cent of the upper ground floor and the whole of the first floor with high quality and functional communal spaces. This is a reduction in the scope of works that was proposed in the cabinet report dated 17<sup>th</sup> February 2021. The remaining spaces in the building including the 50 per cent of the gallery (lower ground floor), 50 per cent of the upper ground floor, second and third floor, window repairs and mechanical improvements throughout the building will be completed in phase two. Phase two is funded by £1.75m of Towns Fund support. The business case for phase two is in development and will be submitted to WNC cabinet for approval in winter 2021. It is intended that both phases will run consecutively.
- 2.8 This report also seeks authorisation from cabinet to delegate authority to approve the lease heads of terms and to grant a 25-year lease on the lower ground, upper ground and first floors at a peppercorn rent but subject to a service charge to Northampton Arts Collective Limited. In support of the lease and the capital works, the report also seeks approval to enter into a formal 25-year partnership agreement with Northampton Arts Collective Limited. The second and third floor of the building to be delivered in phase two will be let to another operator/tenant upon completion of the project. This will be subject to a WNC approved procurement process.

### **3. Recommendations**

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#### 3.1 Cabinet is asked to:

- a) Note the work done to date by WNC officers and Northampton Arts Collective Limited on securing the £1.15m of GBF funding for the refurbishment of 24 Guildhall Road, the design development and procurement that has been undertaken to date and the next steps that are required to take forward this project.
- b) Delegate authority to the Assistant Director of Planning, Economic Growth and Regeneration to enter into a partnership agreement between the Council and Northampton Arts Collective Limited. This will include, for example (but is not limited to), the establishment of the governance and project arrangements on the refurbishment project and the working relationship beyond completion as referenced in the cabinet report dated 9<sup>th</sup> September 2020.
- c) Delegate authority to the Assistant Director of Assets and Environment to agree heads of terms for a lease and enter a 25-year lease on the lower ground, upper ground and first floors at a peppercorn rent. This is subject to a service charge to Northampton Arts Collective and all documentation related to the project will be completed on simultaneous basis.
- d) Delegate authority to the Head of Major Projects and Regeneration to approve the final design for phase one of the refurbishment project.

- e) Accept further reports on any matters generally or risks pursuant to paragraphs 6.23 to 6.30 that arise that are different to what is proposed in this report.

#### **4. Reason for Recommendations**

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- The refurbishment project will make use of a WNC building, the former NCC offices, that has no other use.
- The recommendations above are required to progress this important cultural regeneration project and enable the use of £1.15m of GBF funding and £1.75m of Towns Fund support.

#### **5. Report Background**

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##### **Northampton Town Centre and the Town Centre Masterplan (TCM)**

- 5.1 Northampton town centre plays a vital role as a major centre serving the town and a wider catchment of over one million people. The population is expected to grow further over the coming years, however footfall in town centre has dropped 14.4 per cent year on year. Culture and heritage assets in our town have a key role to play in encouraging people back into our town. The Northampton TCM was approved by NBC Cabinet in October 2019, this document sets the principles and the approach that will be taken to deliver the transformational change that is required.

##### **Northampton Arts Collective Limited**

- 5.2 Northampton Arts Collective Limited is a private company limited by guarantee without share capital and a registered charity (not-for-profit) providing contemporary art space in the centre of Northampton. Founded in 2009, Northampton Arts Collective Limited presents a dynamic programme of contemporary art, community outreach and career development. Nationally and internationally recognised for excellence, Northampton Arts Collective Limited was awarded National Portfolio Organisation (NPO) status from the Arts Council England (ACE) in 2018. It is an established focus for creatives, students and graduates establishing careers in the creative industries in the region and beyond, as well as cultural audiences. During 2018/19 around 15,000 visitors were welcomed to its exhibitions, events and CPD sessions.
- 5.3 The NBC cabinet decision on 9 September 2020 agreed the need for relocation to facilitate refurbishment and the Council subsequently secured a new home for Northampton Arts Collective Limited within the town's Cultural Quarter at 24 Guildhall Road subject to a tenancy at will. To facilitate the move into offices on the ground floor of the building, essential works were completed in March 2020 including repairs to the central heating and part M (access and use) repairs.

##### **24 Guildhall Road – building condition and works completed to date**

- 5.4 24 Guildhall Road was purchased by NBC from NCC as part of the building was required to facilitate the council's New Museum and Art Gallery (NMAG) project. Due to budgetary

constraints the refurbishment of 24 Guildhall Road for the purposes of the NMAG project was not possible.

- 5.5 The building consists of five floors including the lower ground floor (basement), upper ground floor, first floor, second floor and third floor. It has been left in the same condition and layout as when occupied by NCC with office partitions, dated welfare facilities, non-compliant access arrangements and carpet tiles throughout.
- 5.6 Further inspections by chartered surveyors completed in 2019 revealed that significant repairs were required to the flat roof coverings to prevent water ingress and ultimately destabilise the integrity of the flat roof joists. Mechanical and electrical defects have been identified throughout the building that will require remediation/ replacement.
- 5.7 The existing lift at the current main entrance to the building is not compliant with building regulations and would require replacement or significant alternations. Each floor has a change in level that will require further access enhancements to comply with building regulations for public use.

#### **Getting Building Fund 2020**

- 5.8 In June 2020, local enterprise partnerships were invited to put forward projects for the GBF. Specifically, Government was looking for shovel-ready capital projects which can be delivered quickly. Nationally, the size of the GBF pot totals £900m.
- 5.9 As part of the bidding round for the GBF it was confirmed by SEMLEP that the refurbishment of 24 Guildhall Road and relocation of Northampton Arts Collective Limited would be eligible for funding under the terms of the grant scheme.
- 5.10 After a thorough due diligence process led by SEMLEP the funding was confirmed in December 2020 subject to finalising the designs, procurement of a principal contractor and completing the project by March 2022.

#### **Previous cabinet decisions and subsequent changes to the refurbishment project**

- 5.11 The former NBC cabinet decision on 9<sup>th</sup> September 2020 approved the GBF Grant of £1.15m and £385,000 of capital funding to refurbish the whole (five floors) of 24 Guildhall Road for Regeneration purposes and the relocation of Northampton Arts Collective Limited. This included making the building fit for occupation and public use, carrying out essential roof maintenance, windows and façade repairs, mechanical and electrical works, internal and external access improvements, and various part m (access and use) modifications.
- 5.12 To meet the GBF deadline for completion by the end of March 2022 the design team was appointed, and the refurbishment project designed for tender in Spring 2021. NBC Cabinet approved the appointment of a principal contractor on the 17<sup>th</sup> February 2021 using the detailed design proposals prepared by the design team. At this stage the scope of works had reduced to

the lower ground, upper ground, and first floor due to cost pressures highlighted by the appointed quantity surveyor.

- 5.13 The procurement of a principal contractor completed in May 2021 and the costs received were more than the overall budget of £1.56m (including the GBF and WNC capital). With the assistance of the preferred contractor, a value engineering process was completed which required the designs to be revisited and the scope of works reduced. The refurbishment was subsequently reduced further to part of three floors within Northampton Arts Collective Limited proposed occupation. The mechanical, electrical and window refurbishments were also removed to achieve the budget.

#### **Revised outputs of the project funded through GBF and WNC match funding**

- 5.14 The GBF project will make 50 per cent lower ground floor basement, 50 per cent of the upper ground floor and the first floor fit for occupation and public use; carrying out essential roof maintenance, electrical works, internal access improvements and various part M (access and use) modifications. All works will comply with building regulations. Planning permission for Change of Use has been obtained.
- 5.15 Northampton Arts Collective Limited will work collaboratively with artists to create inspiring exhibition spaces on the lower ground floor suited to presenting new media productions, sound installations and large-scale art works and a welcoming visitor entrance and lobby area on the ground floors
- 5.16 Northampton Arts Collective Limited will work closely with the new Museum and art Gallery and WNC on the future use of the rear courtyard for programmed events.
- 5.17 The GBF project will transform part of three floors of 24 Guildhall Road into an attractive and innovative contemporary public space, for industry and culture alike that will complement the other buildings and organisations in the Northampton Cultural Quarter.
- 5.18 The project will complement the Vulcan Works Creative Hub targeting a different market in terms of businesses and organisations to take up space. The businesses targeted through the 24 Guildhall Road project will be cultural businesses that could not afford to take up space in the Vulcan Works with the space at 24 Guildhall Road being more basic in nature.
- 5.19 In accordance with the grant agreement the project must be completed by March 2022.

#### **Towns Fund and phased refurbishment of the building**

- 5.20 In March 2021 it was confirmed that WNC would receive £25m for regeneration projects in Northampton Town Centre from the Towns Fund. Of this £25m grant, £1.75m was granted for the next phase of the 24 Guildhall Road Arts Centre, phase 2.
- 5.21 The business case for phase two is underway for approval by Cabinet in winter 2021. The project will see the completion of the refurbishment including the 50 per cent of the Lower ground floor

gallery, 50 per cent of the upper ground floor public spaces, second and third floor including seating terrace with views across Northampton.

### **Procurement, value engineering and further design work**

- 5.22 The GBF funding was approved in December 2020 and the design team procured and appointed. The designs for the phase one project were developed for the lower ground, upper ground and first floor and tendered in March 2021 through the Pagabo Medium works framework. The preferred contractor Overbury (a Morgan Sindall Group Company) was selected through this process with the highest score for price and quality.
- 5.23 The costs submitted by Overbury were £380k over the budget of £1.56m including fees and other capital costs due to changes to the specification requested by Northampton Arts Collective Limited at the formal project board meetings chaired by WNC. A value engineering exercise completed in May 2021 with the appointed Design Team including CS2 chartered surveyors, Peter Haddon Partners Architects and Overbury enabling savings to be made in line with the budget of £1.56m. This was achieved by reducing the specification for internal finishes and substituting bespoke items requested by Northampton Arts Collective Limited with off the shelf products. This was achieved at no further cost to the project.
- 5.24 In June 2021 at the monthly project Board meeting chaired by WNC, concerns were raised that value engineered proposals did not meet the expectations of Northampton Arts Collective Limited and would not create a suitable gallery, entrance lobby and reception for the contemporary art gallery. At this stage the designs were revisited with a focus on the core public spaces and a reduction in the scope of works to free capital funding for this purpose. This reduction in scope amounted to removing 50 per cent of the gallery, 50 per cent of the upper ground floor and proposed window repairs from the project.
- 5.25 The extent of works is confirmed in the appendix 2 general arrangement drawings. All the areas removed from the scope of works in phase one will be delivered in phase two.

### **Partnership between WNC and Northampton Arts Collective Limited.**

- 5.26 The bid to the GBF was made as a partnership between the Council and Northampton Arts Collective Limited .
- 5.27 A partnership agreement has been prepared with legal counsel to establish Northampton Arts Collective Limited's and the council's duties and responsibilities during the project to refurbish 24 Guildhall Road and formalise the future relationship beyond completion of the refurbishment project.
- 5.28 The partnership agreement establishes the terms of governance, the roles and responsibilities of both parties, default provisions for non-compliance, timeframes for the partnership, timeframes for key decisions, general working arrangements and sharing/recording of information related to the partnership.

- 5.29 The partnership agreement demonstrates an absolute commitment to achieve the GBF criteria and complete all outputs by March 2022.
- 5.30 The partnership agreement also extends to phase two of the project funded by the Towns Fund grant. Areas that are within Northampton Arts Collective Limited's occupation on the lower three floors will be completed as part of this project, so it is important Northampton Arts Collective Limited are involved at this stage. Northampton Arts Collective Limited will also be a consultee in the design development of the remaining floors and other shared spaces.
- 5.31 The partnership agreement also seeks to establish a long-term working relationship with Northampton Arts Collective Limited on other regeneration projects in Northampton town centre. This will be achieved by exploring future funding opportunities and working on public art projects together. This includes the development of the market square public art subject to procurement guidelines.

#### **WNC Lease agreement with Northampton Arts Collective Limited**

- 5.32 The funding secured from GBF to refurbish the lower three floors of the building will allow for the longer-term occupation of the property by Northampton Arts Collective Limited. As part of this project, it is proposed that Northampton Arts Collective Limited would be granted a new lease to occupy the lower ground, ground and first floors at 24 Guildhall Road at a concessionary rental. Whilst this work is being undertaken Northampton Arts Collective Limited has been temporarily relocated to the St Johns Building, which forms part of the recently completed Vulcan Works.
- 5.33 This report seeks delegated authority to approve lease Heads of Terms and grant a 25-year lease on the lower ground, ground and first floors at a peppercorn rent but subject to a service charge to Northampton Arts Collective Limited. The service charge would be based on a share of the internal repairing and servicing costs of the building, based on floor areas occupied. The lease is to be outside the security of tenure provisions of the Landlord and Tenant Act 1954 and subject to tenant's breaks on the tenth anniversary of the lease and five-yearly thereafter. As the lease is at less than the best consideration reasonably obtainable and the length of tenancy exceeds that which has been delegated to relevant officers, approval to proceed from Cabinet is required.

#### **Benefits of the GBF project**

- 5.34 The scheme will deliver:
- A place for ideas, culture, and inspiration
  - A place for young people and learning
  - A place for skills and employment - an extensive continuing professional development (CPD) programme, direct and indirect job opportunities.
  - A place to visit and enjoy – it will welcome 50,000 local and international visitors each year to Northampton Arts Collective Limited and Northampton's Cultural Quarter.

- A place of community and inclusion - a fully accessible public space engages all sectors of the community, creating pride in local heritage and social inclusion.

### **Programme for the phase one works**

5.35 The design process for the phase one works was completed in late September. Construction will commence in November 2021 with final completion by March 2022. A detailed construction phase plan will be provided when the design process is complete.

5.36 The agreed milestones from with the GBF (including agreed payments) are as follows:

|                    | <b>Date &amp; payment amount</b>   | <b>Activity to be completed</b>  |
|--------------------|------------------------------------|--|
| <b>Milestone 1</b> | By 31st October 2021<br>£1,000,000 | a) Building Contract signed and sealed<br>b) Heads of terms for lease with Northampton Arts Collective Limited agreed<br>c) Confirmed planning position<br>d) Updated partnership agreement signed off |
| <b>Milestone 2</b> | By 31st January 2022<br>£150,000   | a) 1st Fix complete<br>b) Construction Phase programme confirming practical completion prior to the end of quarter 1 2022/23   |

## **6. Issues and Choices**

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6.1 The council could decide to refuse to grant the proposed new lease and not enter a formal partnership. This is not recommended as it is likely to result in the withdrawal of funding secured from the GBF and any refurbishment of the property could then only be undertaken if it were funded through wider council capital budgets or borrowing, which has not currently been provided for. In addition, it would also result in the potential loss of Northampton Arts Collective Limited as they need to secure alternative accommodation.

6.2 The Council could also consider whether the site is suitable for possible alternative use or redevelopment. This is not recommended; an independent valuation has been carried out which has established that there is limited demand for offices within this type of building in the town centre. Residential conversion may be a possible alternative use but in the opinion of the independent valuer the difficulty in obtaining planning permission and the potential cost of development may lead to a negative outcome and make any proposal unviable.

## **7. Implications (including financial implications)**

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### **7.1 Resources and Financial**

**Capital budget funded by way of the GBF grant and council capital budgets**

7.2 The cost for the project was calculated by the appointed quantity surveyor during the GBF due diligence process and were based on completing the lower, upper and first floor in full. This included essential repairs to the flat roof covering and window repairs. A contingency budget of 7.5 per cent was included.

7.3 The total budget for the project is £1.56m and is made up of the items below.

| Item Description  | Estimated Cost/Allowance |
|---|--------------------------|
| Provisional sums and other items (e.g) Reception Desk, artist commissions and fit out | £119,700                 |
| Design Team fees  | £190,414                 |
| Contingency   | £93,741                  |
| Construction Budget   | £1,156,145               |
| <b>Total</b>  | <b>£1,560,000</b>        |

7.4 All capital expenditure on the project has been approved and monitored by the WNC Capital and Assets Board with a senior finance officer in attendance at all project board meetings. Expenses will be monitored through the council's finance software ERP Gold and an evolving cost plan based on up-to-date records of purchases.

7.5 The phasing the capital expenditure is set out below:

- 2020/21 - £100,000 – Design and professional fees (the council's match funding contribution)
- 2021/22 - £1,460,000 – Construction works to be completed by March 2022. All design and professional fees included. 7.5 per cent contingency (the council and GBF funding spent in full)

#### **Revenue costs during the GBF project**

7.6 The annual revenue costs for the capital project delivery will be £50k. This is made of up Officer time including the Head of Regeneration and Major projects (part time), Principal Regeneration Officer (part time) and Regeneration Officer (part time). The GBF project will complete by March 2022 at which time these delivery costs will cease.

7.7 The costs for the Northampton Arts Collective Limited's temporary occupation of the Vulcan works currently rests with the council at an estimated value of £15,000 until March 2021 when they will vacate the building.

7.8 It is anticipated that there will be long-term saving on maintenance costs and services relating to the floors Northampton Arts Collective Limited will be occupying as they will bear these costs under the terms of the lease.

## **Financial implications for the lease**

- 7.9 An external valuation has established there is little demand for office use within this type of building even with refurbishment works, particularly as there is no car parking. High void periods were also anticipated. The premises have been valued subject to the proposed lease to Northampton Arts Collective Limited at £76,000 and with vacant possession as offices at £318,000. The proposed letting would therefore result in a diminution in value of around £242,000. This does however need to be balanced against the capital funding of £1.56m million that is being provided through the GBF and the improvement that will be made to the property and to the economic and social wellbeing of the town centre and wider area as a result.
- 7.10 The proposed letting to Northampton Arts Collective Limited at a peppercorn is below what might be achieved in the open market for offices of approximately £58,000 per year. However, this would require significant capital improvement and the potential for significant voids is high.
- 7.11 The letting to Northampton Arts Collective Limited would allow the building to have a useful purpose and provide a public amenity complementing the other buildings and organisations in the Northampton Cultural Quarter. Northampton Arts Collective Limited's contribution to the running costs of the building would reduce the council's ongoing liabilities.
- 7.12 It has been agreed that each party will bear its own legal costs.

## **Revenue costs for the remaining floors outside of Northampton Arts Collective's occupation**

- 7.13 The ongoing maintenance costs for the upper floors, outside of the scope of the phase one works, will be identified, and addressed as part of the phase 2 business case with a further report coming to Cabinet in January 2022.

## **Legal**

- 7.14 The council pursuant to the Local Government Act 1972 (LGA 1972) has the power to dispose of any land in any manner that it would wish would save that pursuant to s123 LGA 1972 any such disposal must be for the best consideration reasonably obtainable except in the case of short tenancies (in other words a grant not exceeding seven years) or otherwise with the approval of the Secretary of State.
- 7.15 It is noted at paragraph 1.1 above that the council intends to lease 24 Guildhall Hall Road to Northampton Arts Collective Limited at a peppercorn rent for a period of 25 years. It is further noted pursuant to paragraph 6.9 above that whilst the valuation obtained by the Council confirms that the proposed undervalue does not exceed £2m thereby not requiring the consent of the Secretary of State, in order to proceed with the proposed transaction, the council must nonetheless in complying with its duty under s123 LGA 1972 ensure that whilst the council can have regard to ethical as well commercial considerations that these elements must be in balance and Cabinet must be satisfied that this has been achieved.

- 7.16 The council will also need to ensure that the disposal at less than best reasonably obtainable must comply with the subsidy rules which now apply following the departure of the UK from the EU. As the proposal is a disposal at less than best consideration this means that the council will be providing a subsidy to Northampton Arts Collective Limited it follows therefore that the council must comply with the obligations in the UK-EU Trade and Co-operation Agreement and that the proposed disposal and the amount of subsidy complies with the subsidy rules
- 7.17 It is noted pursuant to paragraph 4.3.1 above that the approval of Cabinet, is sought not only with respect to the term to be granted to Northampton Arts Collective Limited, but also in relation to the proposed Heads of Terms. It is recommended that the any resolution of Cabinet with regard to granting of the Lease by the council, requires that both the Lease and the associated Partnership Agreement be completed between the parties simultaneously. This is to ensure that the council continues to comply with its duty under S.123 LGA 1972, and that the “undervalue” identified in paragraph 6.9 remains unchanged, by unforeseen events between the parties.
- 7.18 It is noted that there are clear discrepancies between the Cabinet Reports considered by the former Northampton Borough Council and the West Northamptonshire Council which speaks directly to the nature of the works to be undertaken at 24 Guildhall Road, insofar it was understood that the works would be undertaken to the entire building rather than by percentage. Cabinet must be satisfied that it has or will receive further reports which establish the reasons behind the project change.
- 7.19 The procurement and appointment of any consultant and/or contractor will need to be undertaken in strict accordance with the council’s contract procedure rules .
- 7.20 Legal Services will continue in conjunction with external legal provision to support and provide all necessary legal advice in connection with this project. External legal advisors have to date provided legal advice and their engagement may continue to complete instructions and accordingly must be budgeted for.
- 7.21 The risks identified in paragraphs 6.23 to 6.30 below are significant in nature and could impact on the delivery of the project, accordingly if any issues arise from the identified risks these should be reported to Cabinet at a future meeting for any further decisions.

## **Risks**

## **Programme**

- 7.22 The GBF grant funding has an obligation to complete the project by the end of March 2022. There are uncertainties at this stage of design development that means the council does not fully understand if the programme will be achievable. The contractor, Overbury has provided assurances that the project can be completed within these timeframes at this stage.

- 7.23 Mitigation measures to avoid significant disruption to the programme of works include extensive surveys and early consultation with key stakeholders. There will also be provision within the construction contract to ensure delays not foreseen and out WNCs control are the responsibility of the contractor. There will also be regular communication with the GBF to alert them should any significant delays arise.
- 7.24 The progress of the phase one capital project has a direct impact on the progress of the phase two capital project. Both phases should run consecutively or there may be abortive costs and delays.

### **Financial**

- 7.25 There is a risk that due to the current extraordinary inflationary pressures on construction materials that the costs will exceed the budget for the project. A contingency budget of 7.5 per cent has been allowed for unforeseen circumstances but this is comparatively low for a project of this type and value. If the contingency budget does not cover the increases, then value engineering options will be looked at within the scheme.
- 7.26 Project management and governance controls have been put in place with financial management and reporting a key part of this. A Quantity Surveyor has been appointed to the Design Team from inception to completion of the project. This will ensure costs are closely monitored and controlled.
- 7.27 Granting a new lease to Northampton Arts Collective Limited would expose the council to a risk of that organisation failing at some point in the future. However, this should only result in a situation no worse than if the council failed to grant a new lease at this time. It would also greatly reduce the council's flexibility if at some point in the 25-year term it wished to put the building to another use.
- 7.28 Failure to agree a new lease with Northampton Arts Collective Limited or agree terms of the Partnership Agreement would jeopardise the GBF funding as this has been secured based on the council entering into a partnership agreement with them. If the funding was not secured it is likely the council would have to fund capital works, the building would be vacant for a considerable period and there would be associated void costs. Reputational damage would also be likely if the partnership with Northampton Arts Collective Limited did not proceed, given the point the project has reached and the recognition of Northampton Arts Collective Limited as an NPO by Arts Council England.
- 7.29 It is recommended given the proposed length of the relationship between the Council and Northampton Arts Collective Limited that the Council continue to remain satisfied that Northampton Arts Collective Limited remains financially robust enough to deliver the social and economic outputs that the Council are seeking to deliver in partnership with Northampton Arts Collective Limited.

### **Reputation and key stakeholders**

- 7.30 The new museum and art gallery share part of the 24 Guildhall Road premises therefore works will need to be phased around their needs and requirements.
- 7.31 Failure to deliver the phase one refurbishment will result in reputational damage amongst key stakeholders and the public.

### **Consultation**

- 7.32 The TCM included substantial consultation and informed the development of the projects for inclusion in the TCM. The 24 Guildhall Road refurbishment project is included as a key regeneration project in the TCM.
- 7.33 The 24 Guildhall Road arts centre was a top priority project in the Town Investment Plan consultation.
- 7.34 The 24 Guildhall Road arts centre and the partnership with Northampton Arts Collective Limited will be used a key tool to engage with the community through direct involvement in all the Northampton town centre regeneration projects.

### **Consideration by Overview and Scrutiny**

- 7.35 N/A

### **Climate Impact**

- 7.36 The materials used in the construction of the refurbishment will, where possible, be sourced in the UK to reduce the CO2 emissions caused through long distance transportation. All timber products will be sourced from ethical and accredited FSC suppliers.
- 7.37 The principal contractor that is procured for the project will be required to demonstrate social value including best practice to reduce the impact on the environment. The use of local sub-contractors will reduce the CO2 emissions caused through long distance travel.
- 7.38 Energy efficient appliances will be used throughout with improvements to windows and doors to prevent drafts and heat loss.

### **Community Impact**

- 7.39 Northampton town centre faces problems associated with antisocial behaviour, drug abuse and homelessness. The regeneration objectives and projects identified in the TCM aim increase footfall and improve opportunities to live, work and socialise by rejuvenating core areas in the Town. The 24 Guildhall Road regeneration project will enable these objectives and improve the outlook for the local community.

7.40 Local businesses have experienced a significant a loss of footfall and revenue in recent years, which has been exacerbated by the Covid 19 Pandemic. The 24 Guildhall Rod project will provide a destination that will attract more people to experience the town and its unique heritage and cultural venues. This will increase retail and leisure activity in the centre improving the outlook for local businesses.

7.41 The combined long-term effect of the regeneration projects proposed in the TCM will be to generate further private investment the area, improving job opportunities and therefore the quality of life for residents.

## **8. Background Papers**

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8.1 Northampton Town Investment Plan (TIP)

8.2 Northampton Town Centre Masterplan (TCM)