

Is the final decision on the recommendations in this report to be made at this meeting?

Yes**The Amelia at the Amelia Scott Update**

Final Decision-Maker	Cabinet
Portfolio Holder(s)	Councillor Jane March – Portfolio Holder for Culture, Leisure and Economic Development
Lead Director	Paul Taylor – Director of Change and Communities
Head of Service	Nicky Carter – Head of HR, Customer Service and Culture
Lead Officer/Author	Paul Taylor – Director of Change and Communities
Classification	Part Exempt Exempt Appendices – exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any particular person including the authority holding that information.
Wards affected	All

This report makes the following recommendations to the final decision-maker:

1. To note that the project has been progressed in accordance with the decisions made by Cabinet in December 2018 and that those decisions will continue to be enacted through the delivery of the project.
2. To note the update on the progress of the scheme including finalised construction costs.
3. To declare the Gateway building surplus to the Council's operational requirements and to earmark any capital receipt to underwrite the external fundraising.
4. To approve an addition of £400,000 to the Council's Capital Programme to deliver the scheme and approval to underwrite £400,000 NHLF funding and delegate the s151 Officer, in consultation with the Portfolio Holder for Finance and Governance, to determine the sources of funding to deliver the scheme.
5. To delegate to the Head of Economic Development and Property and the Head of HR Customer Service and Culture in consultation with the Director of Change and Communities, the s151 Officer, the Monitoring Officer, the Portfolio Holder for Culture, Leisure and Economic Development and the Portfolio Holder for Finance and Governance authority to enter into contract with Willmott Dixon and other necessary suppliers and to complete all negotiations necessary and enter into all necessary legal agreements in order to deliver the Amelia at the Amelia Scott project.
6. To accept the contract sum and approve the increased project budget set out in the exempt appendix.

Explain how this report relates to the Corporate Priorities in the Five-Year Plan:

- A Confident Borough – this project delivers a new cultural building, incorporating a range of enhanced services.
- The Cultural and Learning Hub is also a key project set out in the Five-Year Plan and the Cultural Strategy.

Timetable

<i>Meeting</i>	<i>Date</i>
Communities and Economic Development Cabinet Advisory Board	2 October 2019
Cabinet	24 October 2019
Development Advisory Board	1 October 2019

The Amelia at the Amelia Scott Update

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update for members on the development of the scheme including: the detailed design of the scheme; a summary of the contractor's proposals and the project costs; the decanting of the building and the relocation of services on a temporary basis; current service activity; the development of the future services and fundraising.
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2. INTRODUCTION AND BACKGROUND

- 2.1 In 2015 Cabinet agreed to deliver a joint project with Kent County Council to establish a Cultural and Learning Hub to be named The Amelia bringing together in one integrated space (a building to be known as The Amelia Scott) the museum, art gallery, library, registration, archives, adult education (Community Learning and Skills), tourist information service and Gateway. The vision for the new hub was for it to become "a vibrant centre for heritage, arts, culture and learning, delivering a diverse programme to engage and inspire visitors".
- 2.2 Since 2015 the project has been overseen and managed by a partnership Board comprising cabinet members and senior officers from KCC and TWBC who receive regular reports on the programme and its constituent projects, costs and timelines for delivery.
- 2.3 In December 2017 the Arts Council England (ACE) confirmed their support and approved funding of £886,250. Planning permission along with listed building consent for the scheme was granted in January 2018 and, shortly afterwards, (in March 2018) the Heritage Lottery Fund (HLF) (now National Heritage Lottery Fund (NLHF)) confirmed their support and funding of £4.295m.
- 2.4 At its meeting in June 2018, Cabinet received an update on progress noting that detailed designs (RIBA stage 4) were underway and that a further report setting out estimated costings would be brought back to Cabinet. In September 2018, Kent County Council and TWBC signed a Collaboration Agreement setting out how the project would be undertaken. In December 2018 Cabinet received a report setting out the pre-tender contract estimate and its fundraising target.
- 2.5 This report provides an update for members on the progress of the scheme including the finalised construction costs to build the Amelia at the Amelia Scott. At its meeting in December 2018 Cabinet authorised entering into all necessary legal agreements in order to deliver the hub. This report seeks approval to appoint a contractor, approve additional funding, commence construction and undertake all necessary construction and ancillary works and fit out works to deliver the Amelia at the Amelia Scott.
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3. DEVELOPMENT OF THE SCHEME

Building contract

- 3.1 Since the update report in June 2018, a tender exercise was undertaken by Kent County Council (KCC) on behalf of the partnership using the Southern Construction Framework for a two-stage traditional construction contract. The first Stage Construction Tender exercise was completed and resulted in the appointment of Wilmott Dixon (WD) to undertake the second stage tender. KCC then appointed WD to the second stage via a Pre-Construction Services Agreement (PCSA).
- 3.2 Following their appointment as preferred contractor, WD tendered the work packages to their supply chain and issued their proposed contract sum which was then cost checked and validated by the project Quantity Surveyor (QS). The proposed contract sum stood at £12.1m which was in excess of the costed construction budget of £8.4m. In light of this, a validation exercise was undertaken to identify the causes of the significant cost increases.
- 3.3 There are several local and macro political and economic reasons for why prices have increased which are impacting on all construction projects including:
- Brexit – Brexit has impacted both on the price of materials (in particular with the weakness and volatility of the pound) and the availability of labour and has resulted in risk-pricing.
 - British Steel entering administration has increased the price of steel
 - Party wall and insulation materials have increased significantly following the tragedy at Grenfell with contractors revisiting their choice of insulation materials
 - Market conditions – there is a relatively buoyant market for construction work, and this has led to difficulties in getting prices or interest for some packages.
 - The risk of importation delays and tariffs.
- 3.4 The findings suggested that there were also several other issues that needed to be resolved, including:
- The specification at RIBA Stage 4 put together by the architect was for very specific products which affected the prices returned (the validation exercise recommended the project should consider similar alternatives and this has now been done);
 - WD had selected to ‘bundle’ various subcontract packages together resulting in higher costs and these were subsequently un-bundled and retendered;
 - General tender price inflation (partly for the reasons set out above);
 - Provisional sums that needed further testing and refining to confirm an actual price;
 - Additional design responsibilities which were not always suitable given the low value of the works;

- A schedule of value engineering needed to be explored with service users to reduce the contract sum.
- 3.5 Given the significant difference between the pre-tender cost estimate and the contract sum priced by WD, officers also sought to validate the cost increases and procured a second opinion from an independent QS not based in Kent (Core5). They have confirmed that the offer from WD is broadly in line with current market prices.
- 3.6 The final outcome is that following work on the issues set out above, the contract sum has been received and has been set out in the exempt appendix.
- 3.7 To date TWBC Cabinet have approved a total of £14,211,026 for the scheme giving a current gap of £2,313,191. Subject to the measures in the exempt appendix being agreed, final costs are expected to be £15,803,540 – a funding gap of £1,592,514 – that the project team is now seeking Cabinet to agree in order to enter in to contract with WD by November 2019.
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4. FUNDING

- 4.1 In order to close the shortfall on the project, TWBC has sought additional funding contributions from NLHF, ACE and KCC.
- 4.2 NLHF have advised that additional contributions would be subject to sign off by the national board and that additional funding requests in the current climate are difficult. They have suggested that TWBC may want to consider a request of up to £400,000 but will need to clearly explain why the partners cannot close the gap themselves and what this additional funding would cover, with a preference given to protecting the approved NLHF purposes within the scheme. They have advised such funding is not guaranteed.
- 4.3 ACE has confirmed that there is no additional funding which can be provided. They have suggested that a further small capital grant bid could be made next year if there is a capital pot for this but have been clear that this would need to be made for additional input to the scheme and not cover the existing submission.
- 4.4 A request has been made of KCC to provide additional funding or funding in kind to help meet the projected shortfall. KCC have also confirmed that they will continue to seek S106 contributions on the development and that sought, confirmed and banked S106 funds are currently in excess of their £400,000 current agreed contribution. KCC are also considering what elements of the project they could pay for directly in order to potentially mitigate costs to TWBC. The Adult Education, Library and Museum site that will transfer to TWBC for £400,000 has also been valued at £2.9m-£3.2m (2018).
- 4.5 The Council's additional contribution will be funded through sources of funding to be determined by the s151 Officer, in consultation with the Portfolio Holder for Finance and Governance and may include capital receipts, reserves and internal borrowing.

4.6 The following table sets out the current proposed funding position:

Funder	Amount	Confirmation and source
TWBC	£7,629,876	Allocated as part of previous approvals and contained within the Capital programme. To be funded from reserves.
TWBC extra ask	£400,000	Set out above. Source to be determined by the S151 Officer in consultation with the Portfolio Holder.
KCC	£400,000	Approved and in KCC's capital programme
KCC extra ask	£400,000	Commitment set out in a letter of comfort from the Lead Cabinet Member
Net Fundraising	£1,000,000	Validated by Cause 4 and to be underwritten by the disposal of the Gateway building
NLHF	£4,294,900	Confirmed
NLHF extra ask	£400,000	To be confirmed in November but to be underwritten by TWBC internal borrowing
ACE	£886,250	Confirmed
S106 and opportunities register	£392,514	To be delivered by additional S106 contributions and the realisation of opportunities underwritten by TWBC contingency budget.
Total	£15,803,540	

5. FUNDRAISING

- 5.1 It has been reported previously that independent and experienced fundraising advisors (Counterculture) have been approached to advise on the likely fundraising level that could be achieved for a project of this type. They have advised that a target of £1m to £1.5m is achievable with receipts being anticipated during the period of the build.
- 5.2 Counterculture have been appointed to work with Matthew Hockley Smith (a renowned fine art consultant who lives locally) and who has agreed to act as the Chairman Designate of a charity in the process of being established to raise money for The Amelia Scott.
- 5.3 Counterculture are currently in the process of registering a Company Limited by Guarantee. Once this company is registered and there is a minimum of 8 directors, (including an elected member) the company will apply to the Charity Commission to become a registered charity. This process may take in excess of 6 months, but funding applications can be made in lieu of the status being awarded. The appointment of Directors (for the company) and future trustees (for the charity) are in the process of being finalised.
- 5.4 Counterculture have discussed the future relationship between The Amelia at The Amelia Scott and the Friends of Library and Museum Group and have agreed a protocol setting out their respective and distinct roles. The Friends will be an objects-focussed fundraiser and all potential approaches will be approved

by The Amelia team to avoid conflicts Counterculture are also working closely with the Council's Economic Development Team to ensure that our corporate documentation supports possible future applications and a further Fundraising Protocol has been put together to help ensure that cultural services are co-operating and not clashing on fundraising and sponsorship applications.

- 5.5 It is anticipated that the fundraising team will make an application to the Council for a grant in order that the company/subsequent charity can administer itself independently of the council. This may be a request to contribute to running costs for one or two years, estimated to be in the region of £25,000 per year. This grant, if awarded, would be funded from the £200,000 already allocated to the project.
- 5.6 NLHF and ACE have been provided with an update from the Fundraising Team and are happy with the progress to date.

6. CURRENT POSITION

- 6.1 Subject to agreement on the revised costs, proposed funding and risks of the project, a contract can begin to be drawn up with WD with a proposed start date on-site in early 2020. The revised Collaboration Agreement with KCC will see TWBC take on the WD contract post completion of the PCSA. A number of other workstreams are in the process of being delivered including:

Interpretation of the Collection

- 6.2 Alongside the work on the building, further work has been undertaken on the interior of the building and the interpretation of the collection.
- 6.3 The approved purposes from the NLHF, which must be achieved to receive their funding, including ensuring the appropriate curation and care of our heritage collection. To this end work has been undertaken with specialist interpretation designers, Metaphor, to assist the heritage team to deliver a new and exciting curation of the collection to a wider and more diverse audience.
- 6.4 Work was done at RIBA Stage 3 alongside the developing design but now that RIBA Stage 4 has been completed, further work is being undertaken to deliver a more detailed design to achieve both the approved NLHF purposes and the aspiration of integration.

Service decants:

- 6.5 The following actions have been completed in respect of service decants:
- The museum decant is complete and the collection is in long term storage.
 - Adult Education decant is underway with re-provision complete in Tonbridge, Royal Victoria Place (RVP) creche, and the Corn Exchange. Works are in progress at TN2 to deliver the final element of re-provision.
 - The library service will move to the RVP on 11 of November.

Activity Plan

- 6.6 The Activity plan as approved by NLHF as part of the funding agreement is already underway and delivering the projected early stage outcomes.
 - 6.7 The project is working on a dozen Arts Core commissions as part of the ACE funding agreement that will see the building enhanced as part of the final project. These elements have yet to be finalised but include such elements as a light display, artistic gates and courtyard furniture.
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7. AVAILABLE OPTIONS

- 7.1 Option 1 – Stop the project and return the building to its original state. This will incur additional costs and the project board has dismissed the option.
 - 7.2 Option 2 - Undertake further Value Engineering (VE) – this has been looked in to and done to the greatest extent without undermining planning, NLHF and ACE funding. Further VE could be done but it would need to be on a far larger basis to account for the likely loss of grant funding and would impact planning and set the project back in programme terms. The project board dismissed this option because the proposed VE put the NLHF funding at risk.
 - 7.3 Option 3 – Seek additional contributions from all partners including TWBC to close the final gap and seek any further minor cost savings available to deliver the scheme wherever possible and without undermining the core purposes of the project.
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8. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 8.1 The preferred option is Option 3 – to seek funds from partners and to increase the Council's own contribution (including underwriting the NLHF and fundraising contributions) to ensure that the Council can deliver the scheme which is one of its key priorities set out in its Five-Year Plan.
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9. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 9.1 The project team has been in constant dialogue with service providers and users including through formal Board meetings. Services continue to inform staff and service users including through regular updates, social media and press releases.

RECOMMENDATION FROM CABINET ADVISORY BOARD

- 9.2 The Communities and Economic Development Cabinet Advisory Board were consulted on this decision on 2 October 2019 and agreed the following:

The Recommendations set out in the report be supported.

10. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

10.1 Subject to Cabinet approval, the Council will enter into contract with WD to deliver the scheme with work expected to commence early in 2020 with an anticipated 18-month build programme.

11. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	<p>The Local Government Act 1972, section 111(1) empowers a local authority to do anything (whether involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.</p> <p>The Council also has a general power of competence pursuant to Section 1 of the Localism Act 2011 which enables it to do anything that individuals generally may do. S120(1)(2) of the 1972 Act enables the Council to acquire land to be used for the benefit, improvement or development of their area, or for the purpose of discharging the Council's functions.</p> <p>Acting on the recommendations specified in this Report is within the Council's statutory powers as set out above.</p>	<p>Patricia Narebor Head of Legal Partnership 26-09-2019</p>
Finance and other resources	<p>£7.280m has been set aside from the sale of Holly Farm with the balance of TWBC funding being provided from internal borrowing, grants and s106 receipts.</p>	<p>Lee Colyer Director of Finance, Policy and Development 26-09-2019</p>
Staffing establishment	<p>The staffing implications for the project have been set out in the business plan as agreed with the NLHF as part of the application for funding.</p>	<p>Nicky Carter Head of HR, Customer Services and Culture 26-09-2019</p>
Risk Management	<p>The project maintains an up-to-date Risk Log which is reviewed by the CLH Board.</p>	<p>Paul Taylor Director of Change and Communities</p>
Data Protection	<p>The issues raised in this report have little or no relevance to the Data Protection Act 2018 or the GDPR 2016.</p>	

Environment and Sustainability	No observations to make	
Community Safety	There are no consequences of concern arising from this report.	Terry Hughes Community Safety Manager 27-09-2019
Health and Safety	There are no known negative health and safety implications relating to the funding proposals. Any safety issues relating to implementation of proposals will be addressed in due course.'	Mike Catling Corporate Health and Safety Advisor 27-09-2019
Health and Wellbeing	No observations to make	Paul Taylor Director of Change and Communities
Equalities	As the build for the project remains with KCC, they have completed an EQIA for the project.	Nicky Carter Head of HR, Customer Services and Culture 27-09-2019

12. REPORT APPENDICES

The following documents are to be published with, and form part of, the report:

- Appendix A: First floor floorplans
- Appendix B: Second floor floorplans
- Appendix C: Basement floorplans
- Appendix D: Ground floor floorplans
- Appendix E: Indicative Programme

- Exempt Appendix A: Project financials
- Exempt Appendix B: Project Cost Plan

13. BACKGROUND PAPERS

- None