

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

No***The Amelia Scott: Progress and Next Steps**

Final Decision-Maker	Full Council
Portfolio Holder(s)	Jane March, Portfolio Holder for Culture, Leisure & Economic Development Tom Dawlings, Portfolio Holder for Finance and Governance
Lead Director	Paul Taylor, Director of Change and Communities
Head of Service	Nicky Carter, Head of HR, Customer Service & Culture
Lead Officer/Report Author	David Candlin, Head of Economic Development and Property
Classification	Part Exempt Exempt Appendices A, B and C 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 the impact of Covid19, Brexit and abnormal costs on the delivery and fund raising strategies for the Amelia Scott project.
2. To note the proposed additional capital contribution of £900,000 by KCC for delivery of the Amelia Scott project.
3. To approve the addition of £2,000,000 to the Council's Capital Programme to deliver the Amelia Scott project and underwrite a further £275,000 for (NLHF funding) and delegate to the s151 Officer, in consultation with the Portfolio Holder for Finance and Governance, to determine the sources of funding to deliver the project.
4. 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 the necessary contractors and suppliers and enter into all necessary legal agreements in order to deliver the Amelia Scott project.

This report relates to the following Five Year Plan Key Objectives:

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

Timetable**Meeting****Date**

Management Board/Amelia Steering Group	23 July 2020
Discussion with Portfolio Holder	23 July 2020
Overview & Scrutiny Committee	24 August 2020
Cabinet	10 September 2020
Full Council	23 September 2020

The Amelia Scott Progress and Next Steps

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report provides an update on the development and delivery of the scheme and, the issues identified and addressed including Covid19. The report includes an update on the detailed construction and fit out design, the project costs and the general financial position.
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2 INTRODUCTION AND BACKGROUND

- 2.1 The Borough has a clear and ambitious vision to *“grow our role as the cultural centre of the Kent & Sussex High Weald, so that by 2024 the borough of Tunbridge Wells is nationally recognised for its vibrant cultural provision”*. The development and delivery of The Amelia Scott sits at the heart of this vision. Likewise, the commitment to enhance the vibrant cultural and arts scene, and to further encourage tourism and investment in the economy, is a key component of the Council’s Five-Year Plan.
- 2.2 The Amelia Scott is a new and exciting cultural and educational concept bringing together learning, culture, art and advice in an integrated and expanded Grade II listed building. Linked to the heart of the concept is the collection of 60,000 objects including the nationally important Camden collection, Victorian costume and Tunbridge ware which to date have either been displayed or stored at risk of deterioration in an old museum which does not meet current standards for the storage or display of collections.
- 2.3 The project is widely supported by businesses and residents alike to support the wider regeneration of Royal Tunbridge Wells, a destination town that relies heavily on footfall and which has, as a result of the Covid19 pandemic seen a five-fold increase in unemployment. This unique space will protect and grow the nationally recognised creative economy, promote learning and skills, and play a key role in the economic recovery of the town by attracting around 500,000 visits and 18,000 learners each year.
- 2.4 In 2015 Cabinet agreed to deliver a joint project with Kent County Council to establish a Cultural and Learning Hub to be known as The Amelia Scott. 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”* bringing together the following services; museum, art gallery, library, registration, archives, adult education (Community Learning and Skills), visitor information service and Gateway.
- 2.5 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.

- 2.6 In December 2017 the Arts Council England (ACE) confirmed their support and funding with the Heritage Lottery Fund (HLF) (now National Lottery Heritage Fund (NLHF)) confirming their support and funding in March 2018. These decisions bookmarked the planning permission and listed building consent for the scheme which was granted in January 2018.
- 2.7 Further updates to Cabinet were received in June 2018, December 2018 and October 2019. These reports progressed the development of the scheme including Kent County Council and TWBC signing a Collaboration Agreement setting out how the project would be undertaken. The October 2019 Cabinet report set out to approve funding, novate contracts, commence construction and undertake all necessary construction, ancillary works and fit out works to deliver The Amelia Scott project.
- 2.8 Willmott Dixon Interiors were appointed as contractor and work on site commenced in January 2020. Despite the Covid19 pandemic the construction work remains on course to complete in May 2021, with the contractor approximately 3 weeks ahead of schedule. Alongside the build, the Fit-Out workstream is progressing to timetable and The Amelia Scott remains on track for a soft public opening taking place in April 2022.

3 KEY DECISIONS

- 3.1 The Cabinet decisions in December 2018 were to acquire the buildings, approve a capital sum and enter into all the necessary legal agreements. The report also delegated the formation of the fundraising trust and that the Chief Executive in consultation with the Leader of Council and the Portfolio Holder for Finance and Governance approve the final capital and revenue sums.
- 3.2 The Cabinet decisions in October 2019 added the following in accepting the contract sum and approve the increased project budget to deliver the project. It also declared that the Gateway building would be surplus to the Council's operational requirements upon completion of The Amelia Scott and agreed to allocate the capital receipt from the sale of the Gateway building to underwrite the external fundraising, agreed additional capital sums and underwriting others with delegation on how the funding sources were determined. The report also delegated entering into contract with Willmott Dixon and other necessary suppliers, completing all negotiations and entering into all necessary legal agreements in order to deliver the Amelia Scott.

4 COUNCIL NOVATION OF CONTRACTS

- 4.1 Negotiation and legal documentation in line with the Cabinet decisions in December 2018 and October 2019 was completed to the satisfaction of the Council in early December 2019. This enabled the Council on 6 December 2019 to enter into the following contracts and legal agreements including the Collaboration and Development Agreement with KCC and the construction contract with Willmott Dixon to undertake the delivery of the construction works. These included:

Collaboration Development Agreement – The overarching agreement that brings the Council and KCC together.

Acquisition – The acquisition by the Council of the Library and Adult Education buildings from KCC. The Freehold transfer includes restrictions on title to satisfy agreements for NLHF and ACE funding.

Management and Delivery of Services – a range of agreements setting out the management and delivery of services in the Amelia Scott building

Construction – The contractual documentation with Willmott Dixon for a traditional style contract using the JCT Standard Building Contract with Quantities 2016 (as amended) under the Southern Construction Framework.

Project Management and Pre-Construction Services – Retention of Focus (project management) and novation and appointment of the consultants for the delivery of the Amelia. Costs are within the project control total.

Ancillary Legal Documentation - All other ancillary legal agreement and deed in order to deliver the Amelia Scott project.

- 4.2 **Amelia Scott Member Oversight Panel** – The delegated decision also established the Amelia Scott Oversight Panel as a cross-party Member Oversight Panel chaired by the Portfolio Holder for Culture, Leisure and Economic Development. An initial meeting had already been held on 2 December 2019 and it has met regularly since then. The Panel has received all documentation received by the Board and these papers have also been made available to all councillors.
- 4.3 **Project Budget Control Total** – The delegated decisions also set out a project control total which had been reported to the Amelia Scott Member Oversight Panel.
- 4.4 **Interpretation & Fit-Out** - The Interpretation and Fit-out of the Amelia Scott building was not part of the delegated decisions on 6 December 2019 as this is subject to a separate authority and appointment, based on a detailed design specification which is being drawn up. It should be noted that Metaphor as specialist interpretation designers, were retained by the Council to complete this work.

5 GOVERNANCE ARRANGEMENTS

- 5.1 From the outset in 2015 the Amelia Scott has had an overarching Project Board (**C&L Hub Project Board**) comprising elected members and senior officers from both TWBC and KCC. The Project Board provides strategic oversight and is governed by agreed Terms of Reference.
- 5.2 While internal TWBC management arrangements have been in place since 2015 the current internal governance arrangements for TWBC feeding into the C&L Hub Project Board include:

The Amelia Scott Member Oversight Panel (internal) - The Amelia Scott Member Oversight Panel (ASMOP) comprises representatives from each of the political groups and is a working group of Cabinet. ASMOP seeks to ensure that all political groups remain apprised of progress and the key issues associated with the project. Members receive monthly project reports that are reported to the Project Board and receive feedback from the Project Board as well as informing future Project Board decisions. It has no delegated decision-making powers but its advice and recommendations are reported to the relevant decision maker(s).

The Amelia Scott Steering Group (internal) - The Steering Group meets regularly to review project programme, budget, design and delivery and make critical project decisions and includes the Chief Executive, Director of Finance, Policy and Governance (s151 Officer), Director of Change and Communities, Head of Human Resources, Customer Services and Culture, the Corporate Property Manager and Amelia Project Manager.

The Amelia Scott Project Group (internal) - This internal project group meets regularly to review the project reporting into the Steering Group. The group is chaired by the Director of Change and Communities with attendance including the Head of Human Resources, Customer Services and Culture, Corporate Property Manager and Amelia Project Manager.

- 5.3 Regular detailed reports are also submitted to the councils' funding partners - Arts Council England (ACE) and the National Lottery Heritage Fund (NLHF). Meetings take place quarterly with the NLHF who monitor the progress of the project and authorise regular grant draw downs. All procurement of sub-contractors is agreed with NLHF in compliance with the collaboration agreement and the conditions of the grant funding.

6 UPDATE ON PROGRAMME & WORKSTREAMS

- 6.1 The Amelia Scott project remains on programme. Some of the key dates for construction and fit out are:

RIBA stage 5 – Construction	January 2020 – May 2020/1
RIBA stage 6 – Handover and Close Out	May 2021
On-site Exhibition Fit-out	August 2021 – December 2021
Opening	April 2022

- 6.2 Construction - Work on site commenced on 13 January 2020. Work is progressing well and despite challenging conditions, is keeping to the scheduled programme with no delays to report at this point. The demolition works and site clearance is complete. There were a number of difficult issues during this phase including:

- The discovery of Asbestos containing materials in a number of places not identified within the original surveys.
- The discovery of a gas supply without an isolation valve which required attendance from the gas board to carry out disconnections.

- Unmapped gas main running through foundation line. (See photo 1 in Appendix A)
- Poor ground conditions to several areas requiring deeper foundation depths to 4.5m compared to the planned depth of 2.8m. (See photo 2 in Appendix A)
- Four electrical heads that had to be disconnected (one of which is so old that it did not have a designated supply number).
- Contaminated ground.
- Contaminated slab (AEC Basement Boiler Room).
- Pigeon guano in large quantities in loft (2 skip loads).
- Coal hole in AEC which went below foundation level.
- UKPN cut power to site when installing new supplies - site ran off generators for 2 weeks.
- Covid-19 Pandemic

6.3 Despite these challenges, the Amelia Scott is one of the very few sites that have remained fully operational throughout the Covid-19 pandemic. It has taken significant effort by all involved to keep the programme and progress on target. The team have taken a flexible approach and altered both their supply chain and their delivery teams adapt to the changed circumstances. While the constraints of the site have meant that the sequencing and storage of site deliveries were always going to be a challenge Covid-19 has added significantly to these challenges.

6.4 The on-site works have needed resequencing and re-planning to ensure compliance with the Construction Leadership Council revised operating Procedures for Construction sites and Public Health England advice. With safety of the site operatives a priority the canteen, welfare and changing facilities all had to be reconsidered to ensure the site could continue to operate. Extra safety equipment was brought in and barriers erected to ensure appropriate social distancing. Attached as Appendix A is a series of photographs detailing both the progress and complexity of the work. The site works continue to progress well and work remains on target to meet its programme delivery date for completion by May 2021. However it should be noted that delays as a result of the Covid19 pandemic remain a risk to the project.

6.5 The external works have progressed well and the foundations and substructure to the Library and temporary exhibition space are now complete. This reduces the risk of further site discoveries in the ground (see labelled photos in Appendix A). Drainage runs on Monson Way have been installed ahead of programme which will lessen the impact on the Theatre and Town Hall as more people come back to work and visit the town as lockdown restrictions ease further.

6.6 A daily record of site progress is kept and adjustments have been made to the planned sequence of work where required, to mitigate delay. These adjustments have been successful. Further accelerated decisions and instructions may be required in the next reporting period as a result of the pandemic and the short-term steps being made daily to mitigate the impact of the Pandemic. To date, these short-term steps have been successful.

- 6.7 Works to the first-floor slab forming the new Temporary Exhibition Space was completed by the end of July with the completion of the roof slab planned over the following six weeks. The Contractor has facilitated a number of stakeholder visits to showcase the construction activities and the extraordinary efforts being undertaken to deliver the project.
- 6.8 **Fit out** – detailed work has continued with our interpretation designers Metaphor to finalise RIBA stage 3. Details of the RIBA 3 full interpretation design scheme can be seen at Appendix B.
- 6.9 The scheme has been designed to ensure that it meets the core purposes agreed with our funders the National Lottery Heritage Fund (NLHF) and Arts Council England (ACE), but also to meet the aspirations of an integrated space that is able to deliver the desire for ‘Enriching Lives and Inspiring Learning’, with a place for all our residents, visitors and customers.
- 6.10 It is important that the interior of the Amelia Scott delivers the opportunity for excellent service delivery from Libraries Registration and Archives, Kent Adult Education, Tunbridge Wells Museum and Art Gallery, Gateway Services and Visitor Information Centre. The full scheme that has been designed meets the aspirations of the services, our funders and developing an enhanced offer to encourage new and different visitors, offering new experiences and greater interactivity.
- 6.11 In addition to the heritage interpretation, there will be seven artist commissions to enhance the interior of the building which have been funded by Arts Council England. With the Fit-Out work on schedule the Amelia Scott remains on track for a soft public opening taking place from April 2022.
- 6.12 **Trust Creation & Fundraising** – In October 2019 the establishment of the Trust and the approach to fundraising was outlined. The Amelia Scott Charitable Trust (ASCT) has now been set up and the lengthy process towards becoming a registered charity has now been completed. It was anticipated that this would take 6 months but in reality has taken almost 10 months. The Trust (as a company limited by guarantee) was formally created on 9 December 2019 and become a registered charity on 24 June 2020. The Trust has 6 directors, (including an elected member), these directors also serve as trustees of the Charity. The appointed Directors are:
- Matthew Hockley Smith (Chair)
 - Cllr Jane March
 - Gilbert Green
 - Rhiannon Harfoot
 - Asia Robinson
 - Ian Rogers
- 6.13 The Trust was established using the services of CounterCulture LLP who will also continue with the fundraising efforts to achieve a target of £1.4m including the seed funding to establish the Trust. £25k of the start-up funding is currently

earmarked for the Trust so that it may meet its first year's administration and audit costs.

- 6.14 The Charity is a totally separate and independent organisation from the Council, and the Council does not form part of its management or function.

7 ECONOMIC IMPACTS

- 7.1 **Covid-19** - The Covid-19 pandemic has placed significant restrictions on working practices together with impacting on the ability of supply chains to provide the necessary resources (*labour/ material/ equipment*). TWBC have worked closely with Willmott Dixon to ensure construction works have been able to continue and Willmott Dixon have re-programmed the remaining construction works confirming a completion date of May 2021 in line with their contract.
- 7.2 There is a risk that some of the restrictions that have been recently relaxed may need to be reintroduced which could impact on completion of the remaining construction works. In particular as we approach the winter months the majority of the works will be within the building where it will be more difficult to maintain safe working distances and other Covid-19 specific safety guidance.
- 7.3 The impact of the pandemic is not limited to the construction works but impacts the whole project including unsecured funding from Trusts/ Foundations and Individual/ Corporate Donations.
- 7.4 **Brexit** - Negotiations are currently ongoing to secure a trade deal with the EU as part of Brexit transition period which is due to end in December 2020. Allowances have been included for increased costs resulting from Brexit but the full impact of Brexit are unknown. This risk will potentially have the greatest impact on the Exhibition/ Library Fit-out Contracts that will be tendered after the transitional period in early 2021.
- 7.5 **Cultural Value and Opportunity** - The broader negative impact of Covid19 has been clear, while Brexit remains a significant unknown impacting on the construction market and the wider economy. The opportunity despite these two significant economic challenges should also be recognised.
- 7.6 The Amelia Scott is more than a building. It is our bold ambition to unite the arts, heritage and learning into one integrated service, located in the heart of the community. Its vision to "enrich live and inspire learning" encapsulates our mission to make a difference to people's lives by offering new perspectives and experiences, challenging traditional perceptions and reaching out to new audiences.
- 7.7 Whilst Arts, Heritage and Learning are not the immediate priorities at this time of national crisis they can nevertheless have a significant role to play. As time in lockdown has increased so has the need so has the need to sustain people and communities through social isolation.
- 7.8 Both TWBC and KCC have reacted as far as is possible with wellbeing and support phone calls becoming very quickly important for those who are

shielded, vulnerable and living alone. We have been offering both urgent calls and now have a cohort of regular support phone calls and this human contact has been both welcomed and appreciated. Through the work of the Community Hub it has become clear that lockdown has brought with it challenges for mental wellbeing. For some this manifests itself as social isolation or even feelings of loneliness and desperation. There is also a need for entertainment and interconnection and interactivity to encourage people to look at things in a different way and to engage with things that they may not normally do. For some the digital world has been the main means to access this entertainment and connectivity but we must also remember that there are many still for whom this is not an option - the digital divide will have only been heightened by the lockdown period.

- 7.9 As lockdown begins to ease one of the biggest challenges for the public sector is to create “New Normal” ways of working that recognise that demand will be different, more complex and will need an enhanced level of organisational flexibility and integration to resolve. There will be increasing pressure to move away from service silos to a more integrated approach with a single front door to quickly evaluate the full extent of a need. There will be an argument to create life-event based approaches that genuinely address the whole life challenges that will be presented in the future.
- 7.10 In this respect the Amelia was ahead of the game, a truly integrated offer of culture, heritage and learning with the vision to “Enrich lives and inspire learning”. To reach a new and diverse audience, to stimulate creativity and learning, to be the “sitting room in the heart of the town” and to deliver outcomes that improve the wellbeing and the lives of people and community, that is our ambition. In lockdown there are numerous examples of our partner organisations taking the first positive steps on that journey. The Tunbridge Wells Borough Council, cross service team that has evolved as the Social Isolation Group working together on the creation of an interactive website called Tunbridge Wells Social (www.twsocial.co.uk) which has encouraged community participation in activities, games, stories, links to wellbeing activities and information and acting as a point of community contact, which was achieved within record time.
- 7.11 Whilst this has not been an Amelia project (although a number of the Amelia team have worked as part of the group) it embodies the spirit of the Amelia and demonstrates that bringing services and individuals together can create new and unique outcomes that make the most of our collective assets and leverage in technology. This demonstrates in a small but very relevant way that both during a time of crisis and afterwards, Art, heritage and learning can play a significant role in supporting the community.
- 7.12 During lockdown many people have taken the opportunity to learn new skills or invest in developing their knowledge and interests in a way that they have not had the time for before. People have been forced to adapt to new ways of accessing services. It has propelled us into the digital age although sadly we see some individuals and sections of the population still isolated.

7.13 When the Amelia Scott building opens in Spring 2022 it will signify the reimagining of a new relationship with the community. It will be the anchor of the high street revitalising the town centre and supporting the economic recovery of the Borough. The new building will be a place where everyone can reflect and express through a whole host of ways the impact of the pandemic on them and be part of moving forward. The Amelia will reach out beyond its walls and build on our experiences of how to create a digital offer that connects people in new ways, supporting people's wellbeing digitally and virtually. But of course, it will remain a place where people can meet and connect.

7.14 The Amelia's integrated offer makes it easier to access services. The new temporary exhibition centre will encourage visitors from across the country. The outcomes that we deliver in terms of learning, activities and events will enrich people's lives. We will also build on the work we have done as Dementia Friends, working with Art of Prescription both of which can help with wellbeing outcomes. The Amelia's integrated services will also help people to discover new things from both an arts and heritage point of view offering the opportunity in partnership with Kent County Council's Community Learning and Skills to change their life experiences. This can be achieved by:

- Utilising the Amelia Centre's resources to run online classes and demonstrations relating to the large and wide variety of learning experiences that the Centre will offer.
- Involving and engaging people living not only in Tunbridge Wells but also the wider community
- Supplementing these with a wider curriculum offer that can include areas such as all forms of creative activities such as arts and crafts, developing employability skills or improving literacy, language and numeracy skills
- Exploring options to reach wider audiences through initiatives such as "Culture Boxes", distributed out to homes of shielded, vulnerable and housebound residents.

7.15 **Economic Benefits** – The delivery of the Amelia Scott will provide a number of outputs and economic benefits. The original work examining these dates back to the initial assessments carried out in 2015. At present the Amelia Scott will create either directly or indirectly over 100 new jobs and safeguard a similar number. During the construction phase over 200 construction jobs will be delivered. The new training space being created will enable an additional 4,233 accredited learners per annum to be delivered by the new centre.

Benefits	
Jobs created	105
Jobs safeguarded	100
Construction jobs	204.6
Commercial floorspace delivered	643.7 sqm
Learning or training floorspace delivered	4,068.9 sqm
Accredited additional learners	4,233

- 7.16 In response to potential external funding opportunities including Government programmes, additional work preparing a wider business case and particularly the Benefit Cost Ratio will be undertaken.

8 AMELIA BUDGET EXPENDITURE

- 8.1 Expenditure to date on The Amelia Scott project is £4,099,857 including the £400,000 value of the acquisition of the buildings*. The breakdown of the spend is:

Site Acquisition	£ 404,944*
Asbestos Removal	£ 73,727
Construction Contract	£2,246,544
Interpretation & Fit Out	£ 0
Professional Fees	£1,134,567
Project Management	£ 72,725
Activity	£ 42,289
Fundraising	£ 38,197
Decant/Recant	£ 86,863
Total	£4,099,857

- 8.2 Excluding the value of the buildings transferring to TWBC the total expenditure is £3,699,857. The Council as part of its grant agreement with the NLHF has submitted six expenditure claims with the NLHF paying £556,814 towards overall costs to date.

9 BUDGETARY CHALLENGES

- 9.1 The delivery of the Amelia Scott project has faced financial challenges throughout its development being subject to a number of value engineering exercises. From the commencement of the construction works contract it has been significantly impacted by abnormal costs within the contract that lay unexposed until recently. In common with many major construction projects at this time, additional costs have been encountered. Members have been updated regularly on these cost pressures and the impact of external factors on the project.
- 9.2 These cost issues alongside early warning forecasts that the costs for the Fit Out are likely to be higher than anticipated and the underlying impacts of Covid-19 and Brexit a Project Financial Review was commissioned from Focus Consultants in conjunction with the wider Project Team to:
- Forecast the final Project Costs;
 - Undertake a re-evaluate the unsecured Project Funding underwritten by the Council and assess what funding can be potentially secured;
 - Identify the forecast Project Budget Shortfall.
- 9.3 Exempt Appendix A reviews the consultants report and sets out the detailed figures. A copy of the full Amelia Scott Project Financial Review, June 2020 carried out by Focus Consultants is attached as Exempt Appendix B.

Construction Work Challenges

9.4 A number of significant abnormal cost issues during the early stages of the contract with Willmott Dixon have resulted in the construction contingency of £734k becoming exhausted including:

- Incorrect omission of the façade repairs and cleaning from the Contract Bills (£308k);
- Discrepancies between the Contract Bills and Contract Drawings (£196k)
- Further discoveries of asbestos containing materials that required removal to facilitate the works (£112k);
- Inadequate provisional sum allowances within the Contract bills for temporary works to support the building during construction (£295k);
- Underestimate of the waterproofing works to the basement of the existing Library building resulting in an increased provisional sum (£82k)
- General items uncovered during the strip out/ demolition works (£30k).

9.5 Some of the above construction challenges have raised concerns regarding the accuracy of the Contract Bills i.e. the external façade repairs/ cleaning together with wider concerns on the accuracy of the RIBA Stage 4/ Pre-tender Estimate. For assurance, the Project Quantity Surveyors were issued with a six-week notice to rectify letter that set the following key cost outputs to reduce cost risk. The activities included:

- Undertake a full re-measure of the Contract drawings/ specification and identify any items that are not fully captured in the Contract Bills;
- Agree the costs of all Provisional Sums;
- Provide formal agreed costs to Contract Administrators Instructions including the relevant Bills of Quantities addendums issued to the Contractor for pricing;
- Agree the costs of negative Provisional Sums (*Value Engineering Savings*) included in the Contract;
- Advise on an Anticipated Construction Final Account with the revised level of contingency if appropriate to adequately service the project based on the above exercises.

9.6 The work sought to specifically target areas of known cost risk and to confirm the impact of those risks to the project. This has included establishing a commercial tracker and weekly monitoring of progress. Progress has been made during the six-week process, flushing out cost issues and securing firm costs on key provisional sums and variations. The six-week review has been successful in some respects but further time is required to complete the tasks set out in the original notice to rectify letter for the following reasons:

- Final design details are required for a number of the Provisional Sums to allow the costs to be agreed;
- Betteridge-Milson require further input from Willmott Dixon to agree costs;
- The Decision was taken to extend the commercial review period until the above activities can be completed.

9.7 With Covid-19 restrictions being relaxed in a number of areas the Willmott Dixon design team has been able to access the site which is enabling a number of provisional sums and other issues to now be resolved. While this has given

greater clarity to the main areas it should however, be noted that the nature of the buildings and the construction programme means that some provisional sums will not be finalised until late Autumn.

- 9.8 Overall Willmott Dixon remain on track to complete in May 2021 in line with their contract and are currently three weeks ahead of the construction programme. A strategic review of the construction risks and the impact on the programme has been undertaken.

Fit-Out Work Challenges

- 9.9 While the construction part of delivering the Amelia Scott project is at RIBA Stage 5 and the Council is in contract with Willmott Dixon, the Exhibition Fit-out is currently at the end of Stage 3 with RIBA Stage 4 (Technical Design) due to be completed by December 2020. While the construction element is now having to address a number of key issues on a listed building after the event the fit-out contracts have the opportunity to address the issues before contracts are finalised.
- 9.10 A simple solution would be to seek to include the fit-out within the allocated cost envelope. To achieve this it would be necessary to undertake considerable value engineering. A desk top exercise has been undertaken to assess what could be removed and the consequences to the approved purposes of such changes. The exercise concluded that this would potentially put the approved purposes and therefore the external grants awarded by both the ACE and NLHF at risk possibly compounding the financial consequences for the project.
- 9.11 An additional challenge for the project is the gap between the construction and fit-out workstreams which raises the risk that in finalising the Exhibition Fit-out Design that there will be additional changes required to the Construction Works. The scheme is complex and it is seeking to draw a number of services together into an integrated offer. In addressing the fit-out cost the following elements need to be drawn together.

Activity Plan Works

- 9.12 The Activity Plan Workstream Lead has undertaken a review of the NLHF approved Cost Plan for the delivery of the Activity Plan and has confirmed that the Activities Team can work within current approved budget.

Funding Review

- 9.13 Overall the Funding Review forecasts that the budget now required to deliver the Amelia Scott in full and ensure that external funding is not compromised is £19,347,437. The details of the assessment of this figure are set out in the officer report in Exempt Appendix A and in the full Amelia Scott Project Financial Review, June 2020 carried out by Focus Consultants attached as Exempt Appendix B.

10 FUNDING STRATEGY

- 10.1 In December 2019 a project budget control total of £16.17m was reported to the Amelia Scott Member Oversight Panel. It should be noted that the project cost in the Cabinet reports was identified as £15.8m however the cost of the

fundraising grant of £200k and other revenue costs of £170k associated with Project Management were not clearly shown.

- 10.2 The delivery of the additional fundraising of £200k was identified by the Amelia Scott Project Board meeting on 27 November 2019 with the other revenue costs being covered by the Strategic Plan Reserve. All project budget control has been made against the control total of £16.17m.

External Funding

- 10.3 The Council will continue to explore alternative funding sources to offset the liability of the Council in underwriting the Fundraising and other sources of support. In order to close the shortfall on the project, TWBC has sought additional funding contributions from NLHF, ACE, KCC and other Government funding through the recently launched Getting Building Fund.
- 10.4 **The Amelia Scott Charitable Trust** – With the Trust now established and in light of the impact of Covid19 and other significant external factors the Council asked CounterCulture to undertake a review of projected fundraising potential for The Amelia Scott. The Counterculture review is included within the Project Financial Review attached as Exempt Appendix B. The review by CounterCulture identifies routes towards achieving the targeted £1.4m and assesses the current risk to achieving this.
- 10.5 The fundraising review undertaken in June 2020 followed an initial Covid-19 impact review made in early May 2020. The analysis identifies that the ongoing and developing circumstances as a result of Covid-19 mean that identified challenges around grant fundraising have increased and expanded to a wider range of funders. The impact of Covid-19 potentially means that significant grant successes are not now possible until 2021 at the earliest.
- 10.6 CounterCulture have therefore made a significant reduction in their expectations in respect to potential funding from Trusts and Foundations and have identified increased amounts to be secured from Individuals and Corporate Donations by the Fundraising Trust to meet the overall £1.4m fundraising target. Clearly the current climate is a specific challenge and a sensitivity analysis undertaken identifies best, medium and low cases. While the best comfortably exceeds the target total, the latter two show between £300k and £620k shortfall in fundraising activities. While the fundraising remains underwritten by the Council the sensitivity identifies the risk to the Council.
- 10.7 **National Lottery Heritage Fund (NLHF)** – A confirmed contribution from the NLHF is £4,294,000. In the Cabinet report in October 2019 additional contributions were identified as £400k from the NLHF. It was made clear at the time that this was subject to sign off by the national board and that additional funding requests in the current climate remain difficult. Since 2019 the Council has been engaged in discussions with the NLHF regarding the further grant award. The sum being sought has increased to £675k. It is anticipated that a submission will need to be made to the November 2020 NLHF Board. While the preference given by the NLHF is to protect the approved purposes within the scheme, they have advised such funding is not guaranteed. In 2019 it was identified that the Council would underwrite this additional contribution and it

should be noted that this remains the case for the increased sum being sought. Discussions are ongoing with the most recent discussion on 4 August 2020 being promising.

- 10.8 **Arts Council England (ACE)** – ACE confirmed prior to the October 2019 report that no additional funding can be provided and this remains the case. The total ACE contribution remains as £886,000.
- 10.9 **Kent County Council (KCC)** – As outlined in the October 2019 report KCC are committed to the provision of £800k which to date is £400k financial contribution and the value of the transfer of the buildings to TWBC. At novation of contracts the buildings transferred to TWBC at zero cost. It should also be noted that the cost of liability of SDLT was managed carefully between the partners enabling a significant reduction in the amount notified at the time. The remaining financial contribution from KCC is assured. In detailed discussions with KCC, they have agreed to an extra £900k of capital funding which is to be delivered over three financial years in instalments of £200k, £350k and £350k. A letter from the Leader of Kent County Council confirming the financial contribution is attached as Exempt Appendix C. This will bring the overall KCC contribution to the development costs to £1.7m.
- 10.10 **S106 Funding and Opportunities** – Section 106 Contributions and Opportunities of £392k is a component part of the overall project funding as outlined in the October 2019 Cabinet report. This is currently underwritten by the Council. Potential further s106 contributions have yet to be assessed fully. The Council has recently appointed two S.106/CIL and Conditions Officers. Their work on “global” S.106 database, which will show everything outstanding, received, and due for The Amelia Scott from existing permissions. This will enable a comprehensive picture, including what is going via KCC, and what is due to TWBC and where else there is a need and scope for further contributions (to TWBC).
- 10.11 The impact of Covid-19 and the Government strategy to reopen the economy has seen the **Getting Building Fund** being established. This fund is distributed via the South East Local Enterprise Partnership (SELEP). The Council submitted a bid for £1.4m on the Amelia Scott as a ‘shovel ready scheme’ that could be delivered by March 2022. The Kent and Medway Economic Partnership included it in the list of schemes that were submitted to the SELEP but at the present time it remains outside the funding envelope that has been awarded. Higher ranked schemes are now in the process of being evaluated (including a review of whether they can be delivered within the tight timescales) and it is possible that additional schemes may be funded as a result.

Council Funding

- 10.12 In October 2019 the Council financial contribution was £8m excluding underwritten costs. Though in reality the Council bears all the risk and exposure with the project including a number of costs that the Council has underwritten. In addition to the £8m agreed in October 2019 an additional budget of £248k was allocated in June 2020 as an interim arrangement to enable TWBC to meet its contractual obligations under the building contract between July and the end of September 2020 and significantly reduced the risk of a temporary delay

which had the potential to incur significant and disproportionate costs. The original contingency allocated to the construction project was at the lower end of the usual contingency range. It has been significantly impacted by abnormal costs which relate to the Contract Bills and the allowances made for provisional sum items inherited within the contract and unexposed until recently.

10.13 Underwritten Costs – TWBC in October 2019 had underwritten £2.19m of costs linked to s106, fundraising by the Trust and an application to the NLHF. In seeking to raise the ask from the NLHF by an additional £275k of underwritten costs this potentially means an exposure of risk to £2.46m of unsecured funding.

10.14 The sensitivity analysis by CounterCulture, assessment by the Planning Department regarding s106 and the risk in bidding for funding to the NLHF mean the risk related to underwritten funding is approximately £1.21m. Clearly should the application to the NLHF, the fundraising by the Trust be delivered and the s106 monies then the Council will not need to bear this cost. However, the risk remains that this may be a cost the Council will need to address if targets are not met.

10.15 Contribution - In addition the costs of the scheme as outlined in detail in the report increased. While KCC are making an additional financial commitment of £900k, TWBC will need to contribute an additional £2m (inclusive of the £248k outlined above) to ensure that the scheme is delivered successfully.

	Oct 2019	Sept 2020
Costing	£000s	£000s
Project Cost	15,800	18,977
Fundraising Grant to the Charity	200	200
Project Management Costs	170	170
Gross Project Control Total	16,170	19,347
Funding		
Gross External fundraising by the Charity	1,400	1,400
Arts Council England	886	886
National Heritage Lottery Fund	4,694	4,969
Kent County Council	800	1,700
S106 & Opportunities	390	392
External Funding	8,170	9,347
TWBC Capital Contribution	7,680	9,680
TWBC Revenue Contribution	150	150
TWBC PM Costs initially from SPR	170	170
TWBC Funding	8,000	10,000
Gross Project Funding	16,170	19,347

10.16 TWBC'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 (internal and external). Any revenue impact from external borrowing will be set out within the 2021/22 budget.

11 AVAILABLE OPTIONS

- 11.1 Option 1 – Seek additional contributions from key partners including TWBC to ensure the vision and objectives of the Amelia Scott are delivered.
- 11.2 Option 2 – Complete the contractual obligations of the current capital build and then fit out an agreed percentage of the building focusing on a limited service provision including Library, Registration and Adult Education. Unless the Gateway service can also be relocated to the Amelia Scott the capital receipt from the Gateway will not be achieved which could impact on the funding strategy.
- 11.3 Option 3 - Complete the contractual obligations of the current capital build and mothball the building essentially breaching a number of the key agreements entered into with KCC and other partners. The wider financial implications of this has not examined in detail but TWBC would need to examine its legal commitments to KCC for the Library, Registration Services and Adult Education.
- 11.4 Option 4 - Undertake further Value Engineering (VE) –The project is at the point that as a result of significant VE approaches undertaken earlier in the programme that further value engineering will undermine the planning, NLHF and ACE funding. Further VE to the Fit Out 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. This has been dismissed by the project board as the proposed VE will put the NLHF funding at risk, undermine the fundraising and wider benefits of the project.
- 11.5 The preferred option is Option 1 – to seek funds from partners and to increase the Council's own contribution (including further 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.

12 RECOMMENDATION FROM OVERVIEW AND SCRUTINY

- 12.1 Details of discussion and recommendation from the Overview and Scrutiny meeting on the 24 August 2020 will be reported to the Cabinet.

13 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 13.1 Subject to the Full Council approval, the Council will complete the construction contract, tender the full fit out contract to enable the vision and objectives to be met. Work remains on course for completion in December 2021.
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14 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>	Patricia Narebor, Head of Legal Partnership
Finance and other resources	£7.280m has been set aside from the sale of Holly Farm with the balance of TWBC funding being provided from borrowing (internal and external), grants, capital receipts and s106 receipts.	Lee Colyer, Director of Finance, Policy and Development
Staffing establishment	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.	Report Author
Risk management	The project maintains an up-to-date Risk Log which is reviewed by the Amelia Scott Steering Group and CLH Project Board.	Report Author
Data Protection	The issues raised in this report have little or no relevance to the Data Protection Act 2018 or the GDPR 2016.	Report Author
Environment and sustainability	There are no specific environmental and sustainability issues arising from this report. The development of the Amelia Scott will enable a BREEAM Very Good building to be established.	Karin Grey, Sustainability Manager
Community safety	There are no specific community safety issues arising from this report.	Terry Hughes, Community Safety Manager

Health and Safety	The project has detailed risk registers and onsite construction health and safety is the responsibility of Wilmott Dixon. There are no specific health and safety issues arising from this report.	Mike Catling, Corporate Health and Safety Advisor
Health and wellbeing	No issues are identified.	Report Author
Equalities	<p>Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.</p> <p>KCC completed an EqIA for the build phase of the project. The EqIA noted that:</p> <p>“the development of the Hub will provide a positive impact on the local community, increasing access to public and third sector organisations and providing a nearly fully equality compliant building, to support the long term delivery of public and third sector organisation in Royal Tunbridge Wells and beyond”.</p> <p>Should members decide not to proceed with Option 1 it may not be possible to deliver the positive impacts for people with protected characteristics in the same way.</p> <p>In delegating authority, members should note that the next phase of the project, including the interpretation and fit-out, will be subject to an equality impact assessment. The equality impact assessment will be carried out by TWBC and will be considered at appropriate stages to ensure the vision and objectives for the Amelia Scott will be delivered for people with protected characteristics.</p>	Sarah Lavallie, Corporate Governance Officer

15 REPORT APPENDICES

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

Appendix A: Construction Progress

Appendix B: Fit Out Interpretation

Exempt Appendix A: Budgetary Challenges report

Exempt Appendix B: Focus Financial Review Report

Exempt Appendix C: KCC Letter of Commitment

16 BACKGROUND PAPERS

None