

Executive Committee

9 August 2016

Shire Hall Dorchester - Project Update

For Recommendation

Portfolio Holder(s)/

Cllr Mary Penfold

Senior Leadership Team Contact:

M Hamilton, Strategic Director

Report Author:

S Cairns, Engineering Projects Manager

Purpose of Report

- 1 (a) To update members on progress of the project and to report on tenders received for the main capital works to Shire Hall.
- b) To present options following receipt of tenders to deal with current budget funding shortfall
- (c) To determine the future relationship between WDDC as landlord of Shire Hall and Shire Hall (Dorchester) Trust (SHDT) as the tenant
- d) To ensure that SHDT do not start their operational tenancy of the Shire Hall with a financial deficit

Officer Recommendations

- 2 (a) In order to be able to award the main capital works contract based upon the current tender specification and evaluation in line with WDDC procurement rules, WDDC seek a contribution from the HLF in the sum of £223,452.84 and also commit themselves to further funding of up to £206,264.16 for the Shire Hall project ;
- (b) That officers complete the ongoing value engineering exercise on the Shire Hall specification and report to the Executive Committee at the earliest opportunity the outcome of this and the HLF bid in order that Executive may determine any further action required.
- c) That the member task and finish group is reformatted upon completion of the Capital works, and becomes the main point of liaison between WDDC and SHDT with terms of reference as set out in Appendix

d) That WDDC provide an additional sum of £50,000 to SHDT to pay for the financial effect of a delayed handover to them, legal and accountancy fees, and deficit from events.

Reason for Decision

- 3 (i) To allow the contract to be awarded so that the capital works can start on site in autumn 2016,
- (ii) For the relationship between WDDC and SHDT to be appropriate as landlord and tenant and
- (iii) To ensure that SHDT have no debts when they take over the lease.

Background and Reason Decision Needed

Main works tender returns

- 4 A full design and specification was produced for repairs and alteration of Shire Hall in line with previously agreed plans and budgets to turn it into a permanent exhibition space and operational attraction .The capital Works have been divided into five sections: Main Works; Exhibition provision; café fit out; shop fit out and specialist stone conservation work.
- 5 This Report deals with the Main Works which form the bulk of the estimated cost and comprise complete building refurbishment, internal alterations, complete removal and replacement of all mechanical and electrical services and decoration.
- 6 A restricted tendering process was carried out following pre-qualification with tenders sought from three contractors. Three tenders were returned. The condition of the building has deteriorated since WDDC left in early 2013. This deterioration was not accounted for in the original budget when set. Additionally, detailed surveys produced during the detailed design stage have shown that additional work is required which was not included in the earlier budget. See confidential Appendix 2 for details of the costs involved.
- 7 Tenders are being evaluated on a 60% quality / 40% price in line with the Council's procurement rules. The tenderers have been asked to provide revised prices in line with a Value Engineering exercise and the evaluation process is due to complete at the end of August 2016.
- 8 The latest programme is for works to start at the beginning of September 2016 for handover to SHDT on 31st January 2018 following completion of both capital and exhibition works. The building works were approved by HLF in June 2015, although the delivery program has been delayed by 3 months due to a lack of council staff project resource.
- 9 This date may be delayed now that we have requested revised prices and WDDC will have to reimburse SHDT for any delay which affects their operational income. SHDT plan to open the building to the public in March 2018.

Member task and finish group liaison role

- 10 An all party member task and finish group was set up in July 2013 which had an overview of the project to date. Once the works on site are complete and the building is open to the public there will be a requirement for the Council to have a formal line of liaison with the SHDT for operational and lease matters. It is recommended that the member task and finish group becomes a management board with the addition of the Strategic Director responsible for Assets and Infrastructure. Draft terms of reference are in Appendix 1.
- 11 Various agreements have been drafted between WDDC and SHDT including an Agreement to Lease, the Lease and a Memorandum of Understanding. The documents detail where responsibilities will lie regarding maintenance with the SHDT having a 25 year full repairing lease and the rent being a peppercorn. The proposed management board will primarily deal with the ongoing relationship with SHDT in relation to these documents.

SHDT payment

- 12 The programme and business plan for this project was set in August 2014 and it planned for opening of the attraction at Shire Hall in September 2017. However, resourcing issues at WDDC have meant that a new handover date of 31st January 2018, with opening on 1st March 2018 has now been agreed between WDDC and SHDT.
- 13 The WDDC Project Board had previously agreed to fund accountancy and legal fees in relation to the start of SHDT's operational business and legal agreements with WDDC and with café franchisees. Further accountancy and legal work will be required in the next year to finalise these issues.
- 14 Before SHDT had taken on a Shire Hall Manager, and in order to promote the Shire Hall as an attraction, WDDC managed a series of events during 2014 and 2015. These events were successful but ran at a loss.

2013-15 events programme & viability reports:	£ 4,720
Delay in opening:	£21,996
Estimated maximum future accountancy and legal fees:	£23,284
TOTAL	£50,000

Implications

Corporate Plan

- 15 C2. Protecting and enhancing the built and natural environment
d) Convert Shire Hall, Dorchester into a sustainable heritage visitor centre

Financial

- 16 The budget for this project was set in August 2014 and is £2.9m made up from WDDC currently approved budget of £1.1m (including £100,000 spent

on early design), a Heritage Lottery Fund grant of £1.5m and a DCC grant of £100,000.

West Dorset District Council – round 1 bid	£100,000
West Dorset District Council	£1,000,000
Heritage Lottery Fund	£1,500,000
Dorset County Council	£100,000
Additional fund raising required	£188,700
Non-cash contributions in kind (estimated value)	£23,500
TOTAL	£2,912,200

It is planned to tender the exhibition manufacture and installation works, the shop and café fit out works and the stone conservation works separately. The HLF grant also covers the employment of key staff and funds activities in Shire Hall for 10 months after opening to the public.

Economic Development

- 17 The renovation of Shire Hall and opening of the attraction to the public, along with the County Museum’s redevelopment plans will work alongside existing heritage/cultural operators such as Dorset Arts, The Keep, the Roman Townhouse and Dorset History Centre to rebrand this part of Dorchester as a cultural quarter.

Risk Management (including Health & Safety)

- 18 Shire Hall is a grade 1 building of international significance that is owned by WDDC. It is currently empty and its condition is deteriorating. Due to the uncertainty of this and the condition of the building it is perceived sensible to assume that even if some value engineering saving costs are achieved that the full tender budget is maintained to allow for any contingency works.

Consultation and Engagement

- 19 The member task and finish group, the Asset Management Champion and the SHDT’s Shire Hall Director have been consulted and their comments have been taken on board in the production of this report.
- 20 During 2013 and 2014, extensive consultation was carried out as part of the development round work. Residents, visitors, schools, focus groups, local business owners, local attraction operators, Historic England, Dorset County Council, the HLF and other stakeholders have been involved in the development of this project

Appendices

Appendix 1 Proposed terms of reference for Management Board

Confidential Appendix not for publication under paragraph 3 by virtue of Schedule 12A, Part 1 of The Local Government Act 1972, as amended. The public interest in maintaining the exemption outweighs the public interest in disclosing it.

Appendix 2 Confidential cost and tender return information

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