

Committee: Community Committee

Agenda Item

Date: 18 September 2008

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Title: **PERMISSION TO START HERITAGE QUEST
CENTRE PROJECT**

Authors: Carolyn Wingfield, Museum Curator (01799
510640) and Catherine Nicholson, Solicitor
(01799 510420)

Item for decision

Summary

- 1 Members are asked to note the funding arrangements for the Heritage Quest Centre Project, matching funding for which is nearing completion, and to authorise the Chief Executive to sign the Heritage Lottery Fund's Permission to Start form as soon as anticipated grants have been confirmed sufficient to start the project without any financial risk being incurred by the Council.

Recommendations

- 2 The Chief Executive is delegated to sign the Permission to Start form on behalf of the Council as soon as remaining matching funding to be secured (currently £125,000) falls below £100,000, the maximum figure which Saffron Walden Museum Society Ltd have offered to underwrite.
- 3 To note the construction programme required to comply with the conditions on the planning permission for the Heritage Quest Centre, and measures to ensure that the site would revert to the Council in the unlikely event of either the project failing or Saffron Walden Museum Society Ltd ceasing to exist.

Background Papers

- 4 The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.
 - Minutes of Resource Centre Project Team 21 July 2008
 - Minutes of Full Council 22 July 2008

Impact

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Communication/Consultation	No implications
Community Safety	No implications
Equalities	No implications
Finance	No risk to the Council, as the Permission to Start form will not be signed and submitted until all remaining funding is covered by

	anticipated grants and/or the £100,000 underwritten by the Museum Society.
Human Rights	No implications
Legal implications	Permission to Start form is the legal agreement between the HLF, Council and Museum Society committing to the project and allowing it to begin.
Sustainability	No implications
Ward-specific impacts	No implications
Workforce/Workplace	No implications

Situation

- 6 Since the award of a grant of £976,500 from the Heritage Lottery Fund (HLF) in March, officers and members of the Saffron Walden Museum Society Ltd and the Resource Centre Project Team have been seeking to complete the matching funding so that the project can begin. The HLF advise that the project should start as soon as possible, especially as delay increases the risk of rising inflation adding to budgets (a 10% contingency built into the project budget as a safeguard). While Lottery-funded projects of this nature often begin while fund-raising is still in progress, it is essential that the Council does not incur any financial risk by committing to the project before all funding is secured.
- 7 Out of a total project cost of £1.7 million, by 4 September 2008 funding to a total of £1,575,506 had been secured, including the HLF grant. This leaves £125,000 unsecured, but a landfill tax grant of £50,000 from Viridor Waste Management Ltd has recently been offered and will reduce this target to £75,000 as soon as the necessary 'contributing third party' payment to release the grant has been made (a standard condition of landfill tax grants). Arrangements for payment of this third party contribution by an independent consortium are well in hand and it is anticipated that the Viridor grant will be secured within a matter of weeks.
- 8 To cover the remaining £75,000 applications have been made to three charitable foundations which would total £150,860 if all granted. In practice only a proportion of grant applications succeed, but it is hoped that between them these applications will bring in at least £75,000, and results should become known during September – October.
- 9 Saffron Walden Museum Society Ltd has offered to underwrite unsecured funding up to a maximum of £100,000 so that the project can start without further delay and without the Council having to undertake the financial risk incurred, in the unlikely event that the remaining funding cannot be raised by

the end of the project in 2011-12. The Resource Centre Project Team has recommended that the Museum Society's offer to underwrite is accepted.

- 10 It is therefore recommended that the Chief Executive is delegated to sign the Permission to Start Form on behalf of the Council as soon as the amount of unsecured funding falls below £100,000, i.e. within the limit underwritten by Saffron Walden Museum Ltd. This will happen either as soon as the Viridor grant is secured, or one of the other foundations applied to awards a grant of at least £25,000 – whichever is the sooner.
- 11 The Permission to Start Form must also be signed by Saffron Walden Museum Society Ltd and then submitted to the Heritage Lottery Fund for scrutiny and signing off. The return of the signed form from the HLF marks the formal start of the project. The anticipated start date would be Monday 3 November. Delay of permission until the November committee cycle would put the start date off until January 2009 at earliest, and could cause some concern to the HLF and other funding partners.
- 12 The main activity in first few months of the project would be putting the construction work for the Heritage Quest Centre out to tender and appointing the contractor, so that work on site would not begin before April 2009. However, before the start of construction of the structure it is necessary undertake some ground works on the site to comply the conditions of the planning permission. The project architect, David Demery, is arranging for this work to take place before planning permission expires in December 2008, and it will be covered within existing project budgets.
- 13 Members requested at Full Council on 22 July checks into whether the land that was being gifted could revert back to the Council. The position in general terms is that if the project never starts, the gift of the land fails and the land reverts back to the Council, but if the project starts, the land becomes endowed to the Charity and will not revert back to the Council in the event that the Heritage Quest Centre fails or the Museum Society ceases. The restrictions on the use of land imposed in the gift documentation however remain in place and valid and must be adhered to by the Charity or any future owners.
- 14 In the event that the Museum Society folds, or the Heritage Centre fails and they want to use the land for something else, they would need to get either the Charity Commission or the Court's approval to deal with the land. There are strict rules on the future use of such property and the Charity Commission always looks to ensure that the intention of the donor continues to be met, or as near to the original purpose as possible, so any scheme they agreed would have to meet that criteria. It might include transferring it to another charity with the same purposes and intentions to use it, or to sell it so that a new site could be purchased out of the proceeds to carry out the same activities.

Risk Analysis

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Risk	Likelihood	Impact	Mitigating actions
Incurring financial risk to Council because of insufficient funds to meet project costs	1	3	All project costs covered by funding already secured, including the £100,000 underwritten by the Museum Society if necessary
Increasing inflation will put pressure on project budgets	2	3	10% contingency included Permission to Start as soon as possible (delay to start = more inflation)
Expiry of planning permission (Dec 2008) will cause further delay and more costs	3	2	Ground works in hand for Oct – Nov 2008 to comply with the conditions of the planning permission, within existing project budget

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.