

EAST HERTS COUNCIL

ANNUAL COUNCIL – 18 MAY 2005

REPORT BY DEPUTY LEADER OF THE COUNCIL

17. RHODES CENTRE DEVELOPMENT

WARD(S) AFFECTED: Bishop's Stortford

'D' RECOMMENDATION - that (A) the addition to the Capital Programme of up £308,000 to fund the completion of the Rhodes Centre Development be approved, and

(B) a loan of £150,000 to the Bishop's Stortford Town Council at a rate 2% above base rate and repayable over a 10-year period, be approved.

1.0 Purpose/Summary of Report

1.1 Members have requested additional funds that are required to complete the Rhodes Centre development.

2.0 Contribution to the Council's Corporate Objectives

2.1 Priority 6. Preserve the unique mix of rural and urban communities, ensuring economic opportunities are generated for the benefit of all.

3.0 Background

3.1 The Rhodes Centre is the main civic amenity in Bishop's Stortford. The centre is both a museum and civic hall. The Council in partnership has funded the project through its Capital Programme for £1,916,700.

3.2 This addition to the Rhodes Project and the capital programme was presented to the Capital Strategy Group on 28 April 2005. The Group agreed that the request be forwarded to Council for consideration.

- 3.3 Problems have arisen over the completion of the project and negotiations by Members have reached a solution with contractors and partners.
- 3.4 It is requested that in order to complete the project £308,000 of additional funding is required (see letter appended from the Chairman of the Rhodes Bithplace Trust Project Steering Group). The proposal is the Rhodes Trustees request £20,400 from the Lottery Fund, up to £150,000 from the Town Council, with the remainder from the District Council.
- 3.5 There is uncertainty over the funding from other organisations and the Council is recommended to approve the full amount, should it be required.
- 3.6 The Town Council has intimated that it may request a loan of the £150,000 from the Council. The Council is able to make a loan and should such a request be made it is recommended that any advance be at 2% above Base Rate and repayable over a 10 year period.
- 3.7 Members should note that the funding proposals in respect of this anticipated cost over-run are more favourable than previous funding proportions.
- 4.0 Consultation
- 4.1 Members have discussed with partners and contractors.
- 5.0 Legal Implications
- 5.1 The Council has the power to make a grant to the Rhodes Trust and advance a loan to the Town Council under the Local Government Act 1972.
- 6.0 Financial Implications
- 6.1 The financial implications are outlined in the report.
- 7.0 Human Resource Implications
- 7.1 None.

8.0 Risk Management Implications

8.1 If the funds are not provided the development may not be completed as originally envisaged.

Background Papers

None.

Contact Member: Cllr Hedley Banks

Contact Officer: Dave Tweedie – Assistant Director (Financial Services) Ext: 2005

The Old Monastery,
Windhill,
Bishop's Stortford,
Hertfordshire, CM23 2ND

9 May 2005

Telephone: 01279 652274
Fax: 01279 653136
E Mail: tc@bishopsstortford.org

Mr D Tweedie
Assistant Director of Financial Services
East Herts District Council
The Causeway
Bishop's Stortford
Herts

Dear Mr Tweedie

RE: RHODES REFURBISHMENT

This is a formal request asking the District Council to make available a further grant of up to £158,744 in aid of the above scheme. The background is as follows: -

You are aware of the delays in completing the refurbishment work and the claims which have been made by the Contractor against the Client for extensions of time, with the resultant financial impact for the project.

In an endeavour to draw a line in the sand and to 'bottom out' the final cost to complete the contract, meetings have taken place with representatives of the Contractor, the District Council, Trust Members and the Consultants. The result of these meetings has culminated in the agreement by the Contractor to complete the project by 23 September 2005 for a total cost of £2.415 million. The agreement is on the basis that all claims to date made by the Contractor and all liquidated and ascertained damages enforceable by the client, would not be pursued.

In addition to the sum of £2.415 million there are a number of additional costs, arising from direct contract purchases which will be incurred under the overall contract. These costs amount in total to £94,000 making a total overspend of £308,744.

An approach has been made to Heritage Lottery for additional funding in the sum of £20,404 being the Consultant's calculation of the proportion of the £308,744 attributable to the museum. However, as Heritage Lottery Fund has made a previous contribution following a request by the Trustee, it is questioned whether any further contributions will be forthcoming. On the assumption that no further sums will be made available, the Town Council has been appraised of the situation and has agreed to make available by way of a loan, a sum up to a maximum £150,000.

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Therefore I, on behalf of the Trustee, formally request that the District Council finance the balance of £158,744 (or £138,340 should the Heritage Lottery Fund application be successful) in order for the project to be completed by 23 September 2005.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Gilbert', with a long, sweeping flourish extending to the right.

**Ralph Gilbert - Chairman
The Rhodes Birthplace Trust
Project Steering Group**