



Committee and Date

Cabinet

4th July 2018

Project Update and Approval: Ludlow Assembly Rooms

Responsible Officer: Chris Edwards, Head of Infrastructure and Communities
e-mail: chris.edwards@shropshire.gov.uk Tel: 01743 258912

1. Summary

- 1.1 Cabinet on the 21st March 2018 approved a new 30 year lease for the whole of the Ludlow Assembly Rooms (LAR) building. This new lease can now facilitate capital refurbishment projects funded by ERDF, Arts Council England and Shropshire Council.
- 1.2 Since the signing of the new lease, the appointed Architects, Lyndon Goode, and other specialist advisors have been preparing the necessary drawings, specifications, method statements, tender packages and works programmes etc in order that the works can start on site during August 2018.
- 1.3 Detailed cost estimates have also now been completed by the appointed Quantity Surveyors for the project and these have confirmed that the projects can be delivered within the combined ERDF, ACE and Shropshire Council agreed budgets.
- 1.4 It is therefore now proposed to let 3 separate contract packages in order to deliver the projects in the most efficient, effective and timely way. These separate contract packages are estimated at:
 - A) General building work/enabling work details at £243,668
 - B) Specialist mechanical and electrical systems at £734,210
 - C) Specialist fit out of the ground floor café/entrance at £280,000
- 1.5 Added to the above items in 1.4 are the consultancy and professional fees, totalling £240,456, contingency, £83,938, and marketing, £35,850.
- 1.6 The total for the ERDF element of the works, against which the Council are putting their capital match, is £1,338,122

- 1.7 The detailed work now completed by the Architects and the other specialist advisors confirms that the Council can now formally take the project forward for inclusion in the Capital Programme.

2 Recommendations

- 2.1 That the progress that the Architect and other specialist advisors have made since the signing of the lease on 29th March 2018 be noted and that Cabinet formally approve the project for inclusion in the Council's Capital Programme.
- 2.2 That delegated authority be given to the Head of Business Enterprise and Commercial Services to agree the works and the final letting of the contracts.
- 2.3 That delegated authority be given to the Head of Business Enterprise and Commercial Services to progress, agree final terms and conclude the contracts process.

REPORT

3 Risk Assessment and Opportunities Appraisal

- 3.1 There has been the desire to transfer the Ludlow Assembly Rooms to LAR for many years. Two issues have previously prevented the transfer to date, namely modernising/putting the building into a good state of repair and secondly the lack of capital funding to redevelop the ground floor section of the building which fronts onto Castle Square to include a new box office and café/restaurant.
- 3.2 An ERDF grant funded project of £1.34m has been awarded to the Council for the modernisation of the mechanical and electrical equipment within the building and this project is programmed for completion by the end of March 2019.
- 3.3 In addition to the ERDF project, Shropshire Council as Landlord is contributing £220k to undertake necessary structural repairs to the roof, drains and walls etc.
- 3.4 Additionally, LAR have also been awarded £350k from Arts Council England as part of a £615k project to create a new café and box office on the ground floor.
- 3.5 The coming together of various funding streams and projects have provided the opportunity to significantly improve the building prior to the transfer of the asset to LAR in accordance with the Community

Asset Transfer process. LAR can then develop a range of arts, community and commercial activities which can sustain and make the building viable and sustainable for the future.

- 3.6 Full project and risk management governance/processes are in place to oversee the delivery of these projects. For information, the Construction Programme for the works is detailed in Appendix 1.
- 3.7 The continuation of the use of the building and its availability for local groups will mean its accessibility continues into the future for the whole community.

4 Current Lease Arrangements

- 4.1 Cabinet at its meeting held on 21st March 2018 approved a new 30 year lease (Lease 1) for the whole of the building. This new lease facilitated the capital refurbishment projects funded by ERDF and Arts Council England
- 4.2 During the first two years of Lease 1, the Landlord will complete the proposed ERDF funded project and LAR, working alongside the landlord, will complete the ACE funded project. Upon satisfactory completion of these two projects plus any repairs as referred in 3.3 above, it is proposed that Shropshire Council as Landlord and LAR as Tenant will, within 3 months of completion of the projects, enter into a 123 year CAT lease (Lease 2) on Full Repairing and Insuring terms.

5. Financial Implications

- 5.1 The ERDF funded project to modernise the mechanical and electrical equipment within the building is made up of the following elements:

ERDF Approved Funding	£ 803,704
LAR Match Funding Contribution	£ 50,000
Shropshire Council Match Funding	£ 485,802
TOTAL	£1,339,506

- 5.2 Shropshire Council as Landlord is contributing up to £220,000 in order to undertake necessary structural repairs to the roof etc. in order to put the fabric of the building in good order. See paragraph 3.3 above.
- 5.3 Shropshire Council is not funding any of the works to create the new café and box office on the ground floor of the building. This project is being funded by LAR and is made up of the following elements:

Arts Council England Grant	£350,000
----------------------------	----------

LAR Reserves	£100,000
Fundraising Activities	£135,000
Donation	£ 30,000
TOTAL	£615,000

- 5.4 Since 2009 Shropshire Council has provided a revenue grant to LAR in order to support the delivery of arts and community programmes. The current level of grant is £73,810 per annum. The development of the new café on the ground floor will generate new revenue income streams for LAR and as part of the Community Asset Transfer Process, it has been agreed in the Financial Strategy that Shropshire Council will only make one more revenue grant of up to £73,810 available to LAR.
- 5.5 Rent from LAR in respect of the new 123 years CAT lease, Lease2, is proposed below market value at a rent of £1 if demanded, as LAR will not be operating the facility on a commercial basis. (Any commercial returns from running productions, cinema, room hire, café etc. will be reinvested back into the repair and maintenance of the building and arts/community activities).

6. Contract Packages, Tender and Programme Information

- 6.1 In order to benefit from cost saving, and programming efficiencies, the intention is to carry out the ERDF and the Arts Council works at the same time and the architects have been working on the designs and specification for the full refurbishment.
- 6.2 Both funding streams require the works to be complete by March 2019. Due to slippage in the programme, while the lease negotiations were finalised, and the necessity to fit around Ludlow Assembly Rooms' busiest period, the programme has been condensed. Start on site is expected in August 2018.
- 6.3 The overall programme of work has been broken down into separate packages. This will protect the programme, by allowing some of the early enabling works to be carried out in advance of LAR's quiet time over the summer and while the specialist items are on order. The specialist mechanical & electrical items will be fitted and then connected and the ground floor café and box office will be fitted out last, whilst the auditorium is back in operation. This should also provide cost savings by not requiring one contractor to carry out three distinctly specialist areas of work.
- 6.4 The packages are expected to be split as follows:

- a. General building work/enabling work £243,668
- b. Specialist mechanical and electrical Systems £734,210
- c. Specialist fit out of the ground floor café/entrance £280,000

6.5 The work will be let as a traditional contract, rather than design and build. Designing and specifying in detail up front gives certainty on price when the tenders come in. Equally importantly it provides greater quality control, which is of particular significance on a historic building.

7. Conclusions:

7.1 Since the signing of the new lease in March 2018, the appointed Architects Lyndon Goode and other specialist advisors have been preparing all of the necessary drawings, specifications, contract packages etc required in order to tender the projects.

7.2 Detailed cost estimates have now been completed and these have confirmed that the projects can be delivered within the combined ERDF, ACE and Shropshire Council agreed funding packages

7.3 The Council is therefore now in a position to formally approve the project and include it within the current capital programme.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Report 21st March 2018 – Lease and Community Asset Transfer, Ludlow Assembly Rooms.

Shropshire Council Community Asset Transfer Policy.

Formal Expression of Interest from LAR plus supporting correspondence.

Cabinet Member (Portfolio Holder)

Cllr Steve Charmley – Portfolio Holder for Commercial and Corporate Support

Local Members

Councillors Andy Boddington, Tracey Huffer and Vivienne Parry

Appendices

Appendix 1 - Construction programme.