

## AGENDA ITEM NO 5

### TAVISTOCK TOWN COUNCIL 25<sup>TH</sup> JULY 2017 GUILDHALL GATEWAY COMPLEX – TO CONSIDER A ROUND 2 SUBMISSION TO HERITAGE LOTTERY FUND

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#### 1. PURPOSE OF REPORT

To

- a) afford opportunity for the Council to review progress in connection with the above project; and
- b) to determine whether and if so how to authorise the submission of a Round 2 application for funding to the Heritage Lottery Fund (HLF).

#### 2. CORPORATE POLICY CONSIDERATIONS

The project relates to priorities such as: C 1.1 (working together), C 1.3 (financial assistance), C 1.5 (community assets), En 1.1 Environment, Ec 1.2 (working together) Ec 1.3 Gateway Centre.

Council will also be mindful of the underlying challenges associated with delivering the project posed by the conflicting priorities of Ec 1.4 (best value<sup>1</sup>) & Ec 1.5 (income generation).

#### 3. LEGAL AND RISK MANAGEMENT ISSUES

Council and the Budget & Policy (Sub) Committee have considered reports previously setting out the legal and risk management issues in connection with the project- most recently in December 2016 and March 2017 (see enclosed).

Whilst these remain broadly similar in type the level and respective likelihood associated with risks appears to have markedly grown and continues to do so as reflected in the associated risk register prepared by the Project Manager<sup>2</sup>.

The Council therefore needs to achieve an appropriate level of assurance in key areas to ensure that risks are manageable – most especially the resilience, sustainability, commitment and viability of Tavistock Heritage Trust (THT) and the Council's

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<sup>1</sup> For example cost vs risk

<sup>2</sup> See report circulated for informal Council on 17<sup>th</sup> July

own ability to meet the costs and ongoing obligations associated with the current proposal. It should be noted the project is operating under an extension of the submission date to HLF and therefore there is a fixed mid August deadline for determination.

#### **4. RESOURCE ISSUES**

The resource issues arising from this report can be grouped into a number of categories including capital, revenue, staffing and capacity. The spreadsheets circulated with the business plan show these in more detail.

With regard to costs alone over the lifecycle of the development of the project

- capital costs for Council have increased by in excess of 60%<sup>3</sup>; and
- revenue costs from (over and above existing expenses) a previously projected zero to a current range from £54k pa up to £140k pa. The latter being, on the basis of existing arrangements, considered unsustainable for the Council to maintain.

#### **5. COMMUNICATIONS ISSUES**

The content of this report is derived from previous decisions of the Council and is most recently informed by the outcome of the informal meeting of Council with representatives of THT and the consultants engaged to deliver the project (held on 18<sup>th</sup> July, 2017). The meeting itself served to provide Councillors a final opportunity for a forensic assessment of related matters with the development team whose views have been included in this report.

#### **6. CONTEXT**

This is the first report of this type which has been submitted by the Responsible Financial Officer in the past six years recognising the seriousness of the matter under consideration and the tensions that arise from it. As such it attempts to reconcile on the one hand the longstanding commitment of Council to the Guildhall Project and, on the other, the

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<sup>3</sup> Which does not include the cost of necessary loan funding

substantial risks which have emerged associated with potential impacts on Council funding, capacity and resilience.

## **7. RECOMMENDATIONS**

Council apply the following tests, ie a very clear evidence based assessment<sup>4</sup> of the likelihood attaching to each scenario, its own appetite for risk and whether it is assured:

- That scheme cost will not exceed that in the mid-case scenario and same is acceptable to Council
- that THT is a strong and resilient delivery partner both now and for the future;
- that the scheme itself is desirable and deliverable;
- that it will be able to sustain the increased costs and will reduce/tailor other organisational goals accordingly both now and in the future.

and, subject to same, then consider the approach as set out in para's 6.1 - 6.2.

## **1 BACKGROUND**

1.1 Consideration of this matter by Council follows a lengthy development process and, most recently, circulation of draft activity, interpretation, business, management and maintenance plans to all Councillors in order that they be fully apprised of the scheme throughout. In particular these were accompanied by project costings and analysis regarding resource implications and this report should be read in conjunction with same.

1.2 This was followed by a Meeting open to all Councillors with the development team, including Tavistock Heritage Trust, to explore in detail the case for and issues associated with the proposal prior to determination by Council. Any Councillors unable to attend were afforded the opportunity to have questions tabled in their absence.

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<sup>4</sup>Not least informed by the scheme documents circulated and the opportunity afforded to all to ask questions of THT and the Consultants supporting the Project on 18<sup>th</sup> July,

### **Ownership**

- 1.3 By way of context Council recognises the responsibilities associated with the ownership and maintenance of historic buildings and most particularly this complex which it acquired in order to bring back into use and secure removal from the 'buildings at risk' register. As such there are necessarily some costs and commitments which subsist irrespective of usage. The background papers identify these as (broadly) in the region of £26k pa revenue spend and (estimated) necessary capital spend on enveloping (including mechanical/engineering) works etc which the Works Dep't consider comfortably achievable within the existing allocated budget of £488,000<sup>5</sup>.

### **Project Origins**

- 1.4 More recently the current initiative originated from a desire to secure grant monies (in the order of £700,000) principally to assist with repair of the fabric and bring the premises into active use. After an unsuccessful first HLF 'round 1' bid it had since developed to the point where now it represented a much more ambitious proposal for shared use and community involvement which was subject to an HLF stage 1 pass. At the heart of the scheme being the creation of an independent umbrella organisation for the heritage sector in and around Tavistock with positive impacts for heritage, people and community.

### **The Project Today**

- 1.5 The background to this project currently remains broadly consistent with that as considered on 6<sup>th</sup> December, 2016. The core developments since being the HLF mid-term review, drafting of the associated Business Plan and linked Management and Maintenance Plan together with progress made by the project partner - THT.
- 1.6 This Meeting represents an opportunity for the Council to test both the documents referred to above<sup>6</sup> and the project both for viability generally and, more specifically, against

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<sup>5</sup> For the purposes of this report this (£488k) figure is included within the overall scheme capital costings (of which some has already been deployed. The annual running costs are separately identified in the sensitivity analysis but subject to adjustment – see S2 below).

<sup>6</sup> Para 1.1 refers

the criteria it set in March as central to any assessment of viability, namely:-

- i. being in a position to review the fullest possible assessment of potential liabilities accruing to the Council for both the delivery stage and the duration of the contract with Heritage Lottery Fund (including best/worst case scenarios)
- ii. the resilience of Tavistock Heritage Trust (THT) to perform the role of anchor/delivery partner for the Gateway Centre.

1.7 These areas form the basis for the content for this report in order that Council can come to a view on how/if it wishes to proceed with making application to Heritage Lottery Fund.

## **2. CURRENT SITUATION**

### **Delivery Costs – The Bottom Line**

2.1. The anticipated cost of delivery (ie not future running costs) at Round 1 was

- i. £1,214,820 which has since increased as at stage 2 to
- ii. £1,648,980, representing
- iii. an overall increase of £434,160<sup>7</sup>.

2.2. If the anticipated request to HLF for an additional £100,000 grant were to be successful this would represent an additional net cost to Tavistock Town Council and the Tax Payer of £334,160 (over and above the £488,000 previously budgeted<sup>8</sup>) or an increase of 68.5 % to get the project up and running.

### **Projected Running Costs**

2.3. Looking toward ongoing annual revenue costs (ie after delivery – see 2.1 above) the Council has had opportunity to consider projections forming part of a “Sensitivity Analysis”. Council will recall that when the Scheme was originally mooted it was anticipated that the cost of delivery of the Gateway Centre would be wholly met through its delivery partner - THT.

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<sup>7</sup> Note – the increase includes addition of a rear single storey Council welfare space, the rear lift access to the Courtroom and an expanded project management role.

<sup>8</sup> More recently £466,970

2.4. After slower than expected progress in the development of the scheme and THT together with greater clarity around costings it has since been necessary for the Council to, in effect, underwrite the operating costs of THT. Three scenarios have been developed to test the cost base (note these are predicated on baseline projections for income to the premises which are necessarily estimates).

### **Running Costs - the Bottom Line**

2.5. The 3 scenarios profiled show projected net<sup>9</sup> *additional* costs (depending on scenario) to the Council of:

- i. in the order of £54,200 pa<sup>10</sup>
- ii. £61,200 pa<sup>11</sup>,
- iii. £139,909<sup>12</sup> pa

2.6. at today's values (ie with no allowance for inflation, pay rises etc). The 1<sup>st</sup> scenario indicates what is expected to be the ("best case scenario), the 2<sup>nd</sup> what is projected for the Scheme and the 3<sup>rd</sup> a "worst case" scenario. However, with regard to the latter it should be noted that this is premised upon the Council being able to replace the resource of 50 volunteers with 4 whole time equivalent members of staff. Should the operation of the scheme require different levels of resourcing then the cost factor will vary accordingly.

2.7. As such and without adjustment for inflation or other changes in the cost base the 3 HLF scenarios provide a net additional (over and above that originally budgeted and anticipated) cost to the Council over the 20 year term of the agreement with Heritage Lottery Fund in the order of

- £571,000, (or £1,004,230 inclusive of loan)
- £711,000 or (or £1,144,230 inclusive of loan)
- £2,286,000 (or £2,719,230 inclusive of loan) respectively<sup>13</sup>.

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<sup>9</sup> After allowing for costs the Council would incur for the premises in any event as landowner. Please note these are under review by the Business Case Consultant and may be liable to variation.

<sup>10</sup> Originally projected at iro £28,000pa but adjusted to include repayment of loan over the contract term to meet additional cost at delivery stage

<sup>11</sup> Originally projected at iro £35,000pa but adjusted to include repayment of loan over the contract term to meet additional cost at delivery stage

<sup>12</sup> Originally projected at iro £103,000pa but adjusted to include repayment of loan over the contract term to meet additional cost at delivery stage and adjusted staffing cost based upon 4fte

### **3. REVIEW**

#### **Combined Costs**

- 3.1. By way of comparison with the Round 1 application there has been a substantial increase in projected capital cost alongside a much greater (and previously unbudgeted) commitment with regard to ongoing revenue funding of the proposal.
- 3.2. At present values the increased combined costs vary from an estimated additional £905,000 over the life of the Project to an estimated additional £2.62 million (plus loan costs which are to be added taking overall extra cost above £1.3 million and £3 million respectively).

#### **Financial Impact**

- 3.3. These compare to a current Council tax precept of in the order of £530,000. Should the "worst case scenario" materialise the additional cost to the Council would therefore exceed £100,000 per annum (or 20% current precept levied). Whilst the Council does have other sources of income these are not guaranteed and highly geared to the general economic climate.

#### **The Assessment to be Made**

- 3.4. It is therefore of the utmost importance that the Council makes a very clear evidence based assessment<sup>14</sup> of the likelihood attaching to each scenario, its own appetite for risk and whether it is assured:
- That scheme cost will not exceed that in the mid-case scenario and same is acceptable to Council
  - that THT is a strong and resilient delivery partner both now and for the future;
  - that the scheme itself is desirable and deliverable;
  - that it will be able to sustain the increased costs and will reduce/tailor other organisational goals accordingly both now and in the future.
- 3.5. Central to that will be a view upon the progress that THT has made in constituting itself, on the commitment that it has

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<sup>13</sup> Note also these do not include any prospective loss of rental in relation to the former TIC building at Courtgate or consequential improvements that might be required to secure rear access from Market Road

<sup>14</sup> Not least informed by the scheme documents circulated and the opportunity afforded to all to ask questions of THT and the Consultants supporting the Project on 18<sup>th</sup> July,

going forward, the extent to which its arrangements for staffing, a stable board, fund raising, providing volunteers etc. provide assurance and/or comfort etc.

#### **4. ANALYSIS**

- 4.1. Notwithstanding the scope and impact of any decision in regard to this Project it constitutes arguably the single most important decision the Council will make now or for many years to come with potential to impact across all areas of Council business.
- 4.2. For example, if the "worst case scenario" were to materialise this would (all other factors notwithstanding) effectively wipe out a regular annual allocation to reserves. This has historically served to support projects varying from the maintenance of building stock to the acquisition of new premises (including the Guildhall).
- 4.3. Moreover finding an additional iro £150,000 pa could prove either unsustainable or necessitate cuts in other council services or asset disposals to support that level of spend. In that situation the Council finds itself between the conflicting areas of commitment to a strong heritage and community based project on the one hand and an arguably unacceptable increase in organisational liability on the other.
- 4.4. Commenting solely upon the financial aspects of the proposal, Council should be advised that your Responsible Financial Officer does not consider that the "worst case scenario" listed above would be capable of being funded by the Council with out, at the least, serious degradation to its ability to meet either current financial obligations or the delivery of future initiatives. At worst it could jeopardise the financial integrity of the organisation and should not be considered viable or acceptable.
- 4.5. It is however recognised that the above is one of a number of scenarios that have been modelled. The others also carry considerable, albeit lesser financial implications which would significantly impact Council spend but, on the basis of past



income streams and a willingness to raise the Precept, might potentially be manageable.

## **5. CONCLUSION**

5.1. It is submitted that the merits of the project are substantially unchanged as between round 1 and round 2. What has changed substantially and unexpectedly is the cost to the Council both of delivery, running costs and underwriting the delivery partner for an organisation the size of the Council with consequential adverse impacts upon the 'cost/benefit' analysis<sup>15</sup>.

5.2. The work that THT has undertaken in recent months has in many respects been impressive. However, that has been understandably focussed on formation – capacity to deliver as anchor partner over a 20 year term is untested in key areas and the financial impact of any failure will fall on the Council.

5.3. The purpose of the HLF 'development stage' which is now drawing to a close is to test the rigour of a project and for the reasons already identified, new questions arise. The real and potentially open ended liabilities the Council needs to enter into, irrespective of best/worst case scenario, are not something that, (notwithstanding any views held as project lead) can be recommended as financially prudent at this time. Furthermore if the 'worst case' scenario were considered a real possibility to proceed with it would, at the least, not be responsible.

5.4. Alternatives necessarily (albeit not grant funded) are available to the Council at lesser cost to protect the building and bring it back into use. But these do not readily meet the aspiration to support a local heritage organisation and provide a visitor centre for the World Heritage Site.

5.5. Returning to the scheme as is it is, it is recognised that this project has travelled a long way and represents a potential meaningful use of the premises going forward incorporating major financial contribution to a local heritage organisation

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<sup>15</sup> ie either accepting the ongoing 20yr commitment or repaying HLF the monies drawn down

and partner. It is necessarily and appropriately the role of Members, having weighed the evidence - the public cost and benefit, now and for the future, to determine how/if to proceed either with this scheme or an alternative model.

## **6. RECOMMENDATION**

6.1. To do so it is suggested Council might take a positive but prudent position pending greater assurance on the position of THT and time to reflect on the financial implications to the Council. If that were the case it could apply the tests as set out in para 3.4. Should the project fail those tests it should appropriately decide not to proceed with this Scheme at this time and explore and progress suitable economic alternatives to secure the future of the building.

6.2. In the alternative should it pass those tests or, with work be considered capable of doing so, Council could:

a) Subject to (b) below:-

- i) agree and endorse the emerging Business Plan and supporting information as a basis for submission to HLF;
- ii) approve the submission of a Round 2 application to HLF consistent with the information brought before Council (including the possibility the partnership agreement previously referred to might be required to take the form of a lease<sup>16</sup>)

b) Council

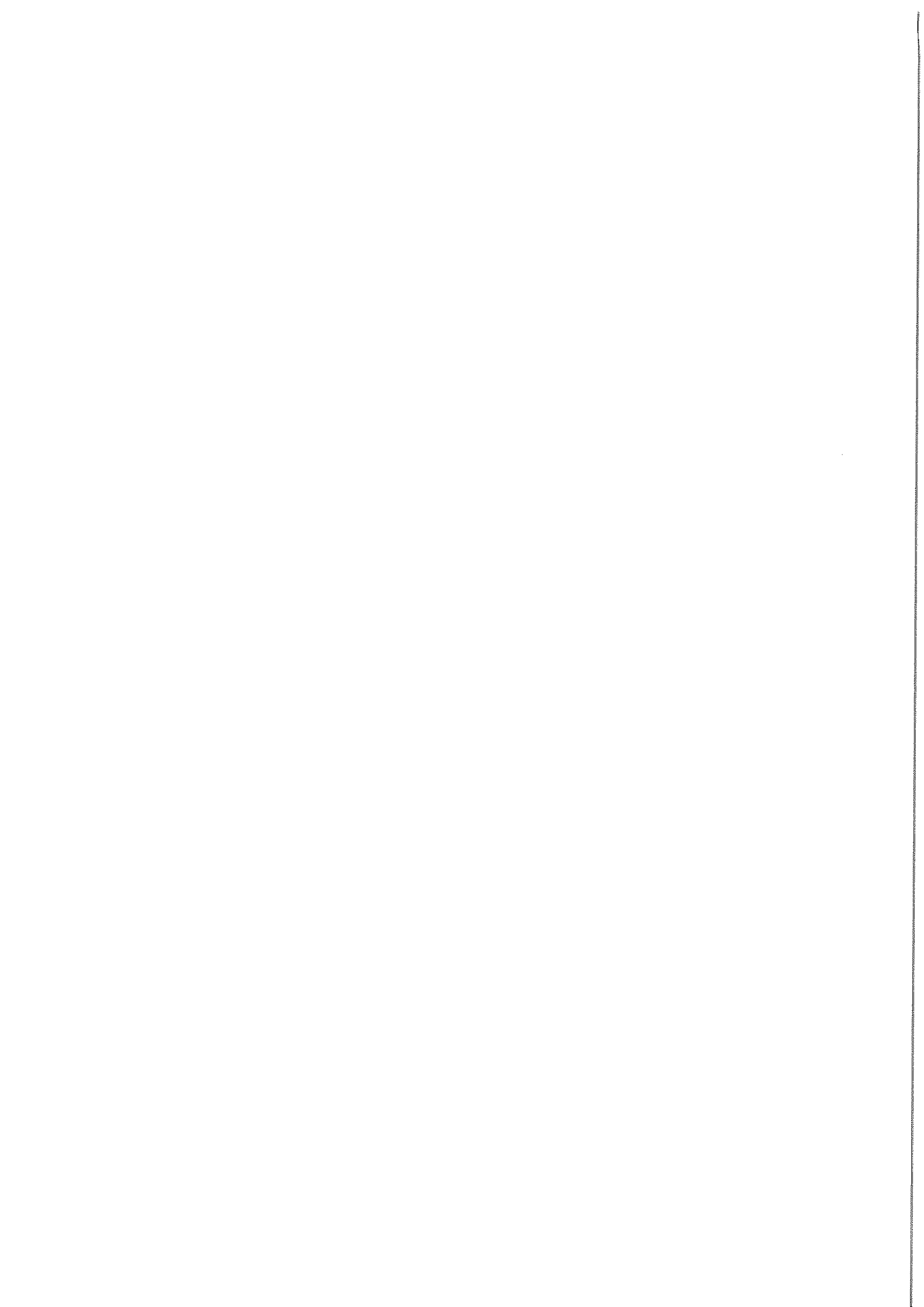
- i. identify a series of targets for THT to meet prior the decision of HLF in December 2017 and to any subsequent decision by Council to let the scheme (for example in relation to income generated, number of prospective volunteers recruited, period of operation and progress of the new board etc) by way of assurance regarding resilience and sustainability
- ii. In the event that an HLF Round 2 pass is received Council review the progress made by

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<sup>16</sup> On legal advice

THT in developing a sustainable and resilient business model and then determine how/if to proceed in light of same and the conditions applied by HLF.

**CARL HEARN  
RESPONSIBLE FINANCIAL OFFICER  
TAVISTOCK TOWN COUNCIL  
JULY 2017**



**BRIEFING NOTE  
TAVISTOCK TOWN COUNCIL  
BUDGET & POLICY SUB-COMMITTEE  
1<sup>st</sup> MARCH, 2017**

**TAVISTOCK GUILDHALL GATEWAY CENTRE INITIATIVE**

**1. INTRODUCTION**

- 1.1 The Sub-Committee will recall that on 6<sup>th</sup> December, 2016 it considered a report (subsequently approved by Council) setting out progress to date for, and identifying additional resources associated with, the above initiative. This report should be read in conjunction with same.
- 1.2 At that meeting the Council agreed, inter alia, to increase its projected future budget provision for same by:-
- i. Capital – up to an additional £180,000,
  - ii. Activity – up to an additional £270,000.
- 1.3 Notwithstanding the possibility of sourcing some monies from other sources<sup>1</sup> the foregoing gives an estimated quantum of what was anticipated to be the upper end of the potential increase in financial liabilities attaching to the Council.
- 1.4 However, it should be noted that early indications from work undertaken in connection with the cost estimate suggest that the £180,000 allowed for in connection with Capital/Construction costs<sup>2</sup> has increased by virtue of other internally required works by in the order of £62,930<sup>3</sup>.

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<sup>1</sup> or that there could reasonably be expected to be some income generated from activities to offset a portion of the additional cost. The work undertaken by the consultant appointed by Council to identify potential supplementary funding streams took the view that multiple applications might be able to attract up to £80,000-£100,000 toward capital and up to £45,000 to support activity/development streams. Such an approach would require a Tavistock Heritage Trust Fundraising Team to be established to co-ordinate applications. The report does not factor the possibility that a greater award might be able to be secured from HLF and work in this area is being modelled at this time.

<sup>2</sup> ie provision of the extension and any additional cost arising from replacing the originally proposed disabled access ramp with a lift to the rear.

<sup>3</sup> The overall construction cost originally anticipated was £821,270. The most recent cost plan indicates that has now changed to £1,064,200 representing an increase of £242,930. Of this amount £125,000 is allocated to the provision of the rear extension, £40,000 to the 'extra over' cost of the lift (replacing the originally proposed –ramp) which were not in the original scheme. The remainder being accounted for by adjustments for inflation and changes in specification/scope.

**NOT FOR PUBLICATION BY VIRTUE OF SECTION 1(2) OF THE PUBLIC BODIES (ADMISSION TO MEETINGS) ACT 1960 by virtue of relating to commercially sensitive matters**

- 1.5 On current projections this would mean up to an additional (over and above that projected at the Round 1 Bid) £512,930<sup>4</sup> to be found to cover the construction costs and first four full year's delivery of the activity program.
- 1.6 This does not include any running costs which the Council might seek to meet as part of the normal day to day operation of the premises or, more specifically, that part set aside for visitor centre use.

**2. CURRENT POSITION**

- 2.1 Copies of the report of the Development Phase Co-ordinator and accompanying Risk Register are appended to this report. The Sub-Committee will note this indicates a challenging timetable alongside the conduct of a mid term review by Heritage Lottery fund on 10<sup>th</sup> March, 2017.
- 2.2 That review will provide an opportunity for the Council and the Tavistock Heritage Trust to present the developing proposal, to receive feedback and to have the rigour of the activity, design and (emerging) business plan fully tested against the concepts submitted at Round 1.
- 2.3 Attention is drawn, in particular, to key areas of challenge relating to the:-
- a) limited timeframe available provided by the permission to start (submission required in May); and
  - b) increasing costs (see section 1 above); and
  - c) the extent to which the Council's delivery partner will be in a position to undertake that role - either as originally envisaged, or amended.
- 2.4. Regarding the latter point Tavistock Heritage is in the process of setting itself up as a legal entity and is seeking to secure funding to put in place a member of staff (or equivalent) to develop/support it. It has also indicated that, on formation, it will be seeking new trustees both to replace those who have stood down (Deborah Boden and Daniel Maudlin) and some or all of the three current remaining Members.

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<sup>4</sup> This therefore represents an increase of £62,930 on the additional monies made available, in principle, at the December meeting of Council.

**NOT FOR PUBLICATION BY VIRTUE OF SECTION 1(2) OF THE PUBLIC BODIES (ADMISSION TO MEETINGS) ACT 1960 by virtue of relating to commercially sensitive matters**

2.5 With regard to operating costs it was the case for some time that there was a shared expectation that Tavistock Heritage Trust would be able to meet a proportion of the costs associated with running the premises and raise monies to fund the activity etc programme. To that end discussions took place around topics such as cleaning, utilities, business rates, insurance etc. As the "development phase" has progressed it has become apparent that the most likely scenario is that the Town Council would need to pick up (at the very least for the first few years) all or nearly all of such costs<sup>5</sup> alongside potentially underwriting the costs of delivering the activity programme (Para 1.2 above refers).

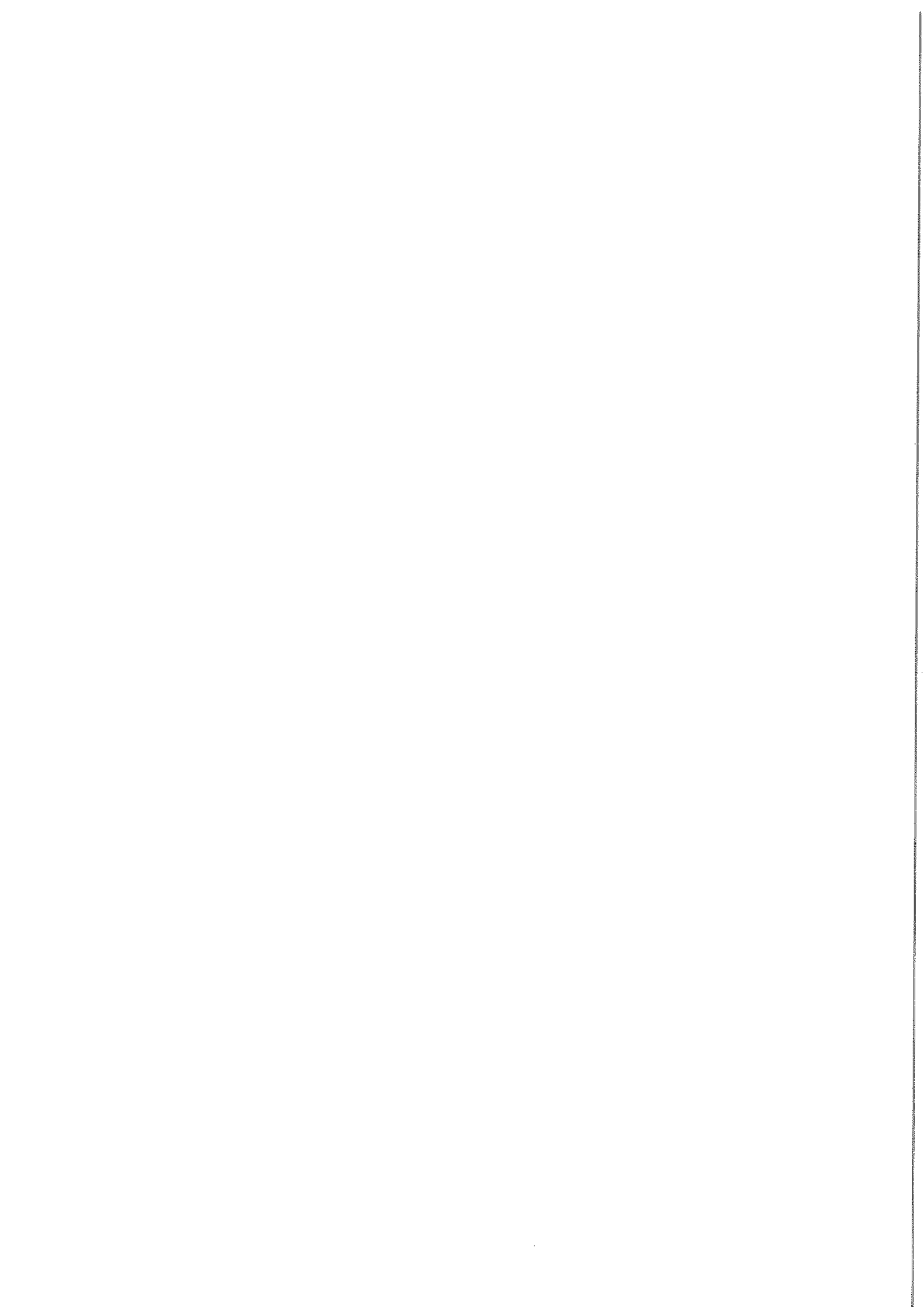
**3. REVIEW**

3.1. This report is provided at this time for information by way of a brief project update pending the mid-term review. That exercise will provide an opportunity to test with HLF the work which has been undertaken in the development phase and the sustainability/affordability of the underlying concept. Following the mid-term review a report will be brought forward setting out in more detail the issues and opportunities which are identified and any potential related next steps for consideration by Council and partners.

**CARL HEARN  
TOWN CLERK  
FEBRUARY, 2017**

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<sup>5</sup> However, in relation to several premises related costs it is the case that these would in any event need to be met by the landowner even if the project itself were not to proceed as envisaged.





**TAVISTOCK TOWN COUNCIL**

**BUDGET & POLICY SUB-COMMITTEE**

**6<sup>th</sup> DECEMBER, 2016**

**TAVISTOCK GUILDHALL GATEWAY CENTRE INITIATIVE**

**1. PURPOSE OF REPORT**

To provide opportunity for the Council to identify, review and agree how best to proceed in connection with the emerging Guildhall Gateway Centre Proposal and associated increasing projected capital redevelopment and ongoing revenue costs.

**2. CORPORATE POLICY CONSIDERATIONS**

The acquisition and subsequent development of the Guildhall Complex to provide, inter alia, a World Heritage Site Visitor Centre, operating base for the Town Council and Community Service Access Point reflects a previous strategic decision of the Council which provides the context for this report. The project accords with the four organisational priorities of Democracy, Community, Economy and Environment identified in the Tavistock Town Council Strategic Plan 2010-2015.

**3. LEGAL AND RISK MANAGEMENT ISSUES**

Following previous acquisition of the premises legal and risk management issues primarily fall into two categories. Because the building has significant architectural merit, is listed by Historic England, located within a Conservation Area and World Heritage Site, particular obligations are placed on the Council as landowner<sup>1</sup>.

There are then those legal and risk management issues which might specifically arise from either the restoration of the premises or future re-use. This report is primarily concerned with this category and, more specifically, those legal and risk management issues arising from the proposed partnership working with Heritage Lottery Fund and Tavistock Heritage to source grant monies to bring the premises back into use. In that context the related risks are primarily:-

- a) That the Council's Round 2 bid for Heritage Lottery Funding is unsuccessful – leading to a shortfall in projected capital expenditure in the order of £700,000;
- b) That additional capital costs arising from the proposal (e.g. extension and/or lift tower) are not capable of being fully funded;

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<sup>1</sup> with regard to the maintenance, repair and suitable upkeep of the premises and setting

- c) That (item d refers) additional activity/education delivery costs arising from the proposal (e.g. staffing costs) are not capable of being fully funded;
- d) That (subject to successfully receiving funding from HLF) the Council, as accountable body, is unable to meet the obligations of the grant to deliver the approved purposes for a period of up to 25 years leading to potential recovery of some or all grant monies;
- e) That the emerging Tavistock Heritage Trust is unable to mobilise sufficient resources and/or capacity to deliver its commitment to the Gateway Centre Project.

#### **4 RESOURCE ISSUES**

The resource issues arising from this report relate principally to those options and issues which arise in connection with the currently proposed Scheme. These are referred to in the body of the report where available.

#### **5 COMMUNICATION ISSUES**

The content of this report is derived from previous decisions of the Council. There has been extensive communication, over several years, with grant funders and local organisations and stakeholders, most notably the Tavistock Townscape Heritage Initiative Partnership and Tavistock Gateway Centre Steering Group (since re-constituted into Tavistock Heritage). The report is most recently informed by the outcome of meetings between the Town Council, Tavistock Heritage and the project Business Plan Consultancy Lead.

#### **6 RECOMMENDATIONS**

The Council endorse the recommendations set out in paragraph 4.1 of the Report.

### **1. BACKGROUND**

1.1 The Council acquired the Tavistock Guildhall Complex in the 2014-15 financial year to protect and preserve the fabric of an iconic building within the Town and to provide it with long term sustainable public use.

1.2 Working closely with the Heritage Lottery Fund and Tavistock Heritage the Council was successful in securing a 'Round 1 Pass' enabling it to access a Heritage Lottery Fund development grant of £48,700 towards developing a full submission to secure in excess of £700,000 of grant monies from HLF. Details of the project are included, in greater detail, on the Town Council website under the "Council Initiatives" section which includes the Round 1 application to HLF and associated 'permission to start'.

- 1.3 Projects seeking grant aid from the Heritage Lottery Fund must meet the funder's three assessment criteria - namely outcomes for heritage, for people and for communities. The historic/architectural significance of the premises is not in doubt. However, the first Round 1 application submitted by the Town Council was unsuccessful because it failed to sufficiently meet the other criteria of outcomes for people and for communities. The second application to HLF, (which was successful), addressed those areas by embedding into the project a partnership initiative with an organisation to be newly formed by the name of "Tavistock Heritage". This would be a strategic body comprised of Heritage interests in the Town, operating on eco-museum principles and delivering the WHS Visitor Centre in the premises.
- 1.4 Following some challenges in developing and scheduling the Round 2 bid the Council is now working to a tight timescale to meet HLF's submission deadline in spring 2017. Failure to meet this deadline would mean needing to re-submit a Round 1 application to HLF.

## **2. THE CURRENT POSITION**

### **Capital Works**

- 2.1 Subject to the outcome of pre-application discussions with Historic England, the progress of the Capital Works' Design Team is positive and feedback from the local planning authority has been supportive. However, there is a matter of potential additional costs previously advised to Council (26<sup>th</sup> July, 2016 refers), arising from the identification of a new extension to accommodate service activities.
- 2.2 Subsequently this has been added to by a proposal to remove the proposed disabled access ramp to the front of the premises (inappropriate design/adverse impact upon the historic appearance of the premises/the configuration of the open space in the Guildhall Square/Car park) to be replaced by a lift at the rear. This revision may be considered more favourably by the local planning authority.
- 2.3 Whilst precise figures are not yet available it is estimated that the combined additional cost of these proposals, together with consequential changes, is likely to amount to somewhere in the order of £140,000-180,000. HLF have indicated that any application for an increase in grant would need to be considered on its merits and be accompanied by a strong case for additional expenditure.
- 2.4 The current position is therefore that (best case scenario) the Council receives equivalent match funding on submission of a successful grant application leaving it to raise a further 40%+ itself.

Alternatively, should the grant application for additional monies be unsuccessful, the Council would be required to meet the shortfall. There is the option to make grant applications to various funding bodies, as appropriate, such as BIFFA, the Garfield Weston Foundation, Architectural Heritage Fund, The Pilgrim Trust, etc. An approach could also be made to HLF for some degree of uplift in the award that has already been made, though it is understood that HLF expect every effort to be made to seek alternatives before doing so.

### **Activity Team**

2.5 The progress of the Activity Team has been delayed in view of the need to clear the Guildhall premises of the Works Department in order that consultation and engagement activities can take place. Whilst working to a challenging timeframe the Activity Team believe they will be able to complete the necessary preliminary works associated with consultation and engagement by early January to feed into the next stages of the process including business planning and, in due course, bid writing.

2.6 Draft (preliminary) heads of terms as to the possible operation of the arrangement as between the Town Council and Tavistock Heritage are appended (Appendix 1 refers).

### **Business Plan**

2.7 The business planning process will necessarily to some extent both run alongside and follow on from the Design and Activity work. However, a preliminary meeting between the Town Council and Tavistock Heritage with the business planning lead has highlighted a number of matters which should, amongst others, inform future thinking in this area. These include:-

- a) The normal operating costs of an historic/listed building;
- b) Responsibility for meeting the conditions of any HLF grant award which will sit solely with the Council and potentially run to 25 years;
- c) Dependency on the concept underpinning the Round 1 application to HLF – i.e. the associated development and operation of Tavistock Heritage on eco-museum principles;
- d) The importance attached, in developing a sustainable and credible business case to HLF, to appropriately resourcing the future operating learning/interpretation activities of the Visitor Centre component of the project.
- e) The scope for income generation by Tavistock Heritage to offset its operating costs, particularly in the early years of its operation, are likely to be very limited. The most lucrative

sources of income that a heritage visitor attraction can seek to tap into – namely admission charges and commercial venue hire – are not realistic options in the case of the Guildhall.

- 2.8 More specifically (item d refers) a budget of £9,000 was allocated towards a project coordinator/ activity officer during the delivery phase. This was accompanied by a further contingency of the same amount. Although these were supplemented by “volunteer time” from the Town Council and Steering Group the view of your business planning lead from experience on other projects is that this is not sufficient in real terms and does not demonstrate the necessary on-going commitment to deliver the project going forward whilst meeting the expectations of HLF.<sup>2</sup> There is also a comparable challenge for Tavistock Heritage insofar as it will require a paid resource to develop and administer the Trust, apply for external funding and develop and coordinate the volunteers.
- 2.9 It has therefore become evident that to deliver a project compatible with the requirements of the HLF Round 1 Bid will require additional revenue resources. These have been estimated at 3 days per week for a Development Officer role alongside resource for Tavistock Heritage to establish itself (such as setting up a website and other marketing activity, volunteer training). Tavistock Heritage is understood to be planning an application to HLF’s Resilience Grant scheme to assist in its development into a Trust and beyond.
- 2.10 For the purposes of the Town Council it has been suggested that additional expenditure<sup>3</sup> totalling in the order of £50,000-60,000 per annum would be required for the first 4-5 years to support Tavistock Heritage in fulfilling its role of the Town Council’s delivery partner for the Guildhall Gateway Project. This would be to fund the part time Development Officer role, the ongoing learning/activity role once the HLF’s project funding has finished, and the building’s running costs.
- 2.11 A representative of Tavistock Heritage has undertaken to investigate the possibility that Section 106 monies which might, in future, provide some support for the community benefit aspects of the Scheme.

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<sup>2</sup> The standard day rate for a professional freelancer with the appropriate education skills required to deliver an HLF-funded Activity Plan is in the order of £200 which, on the budgeted amount of £18,000, would fund 90 days for the duration of the delivery phase of the project. The cost of materials, equipment and any other running costs to deliver the Activity Plan would be in addition to this.

<sup>3</sup> i.e. cost before reimbursement of any fees/charges which might be levied to e.g. school parties.

### 3 CONCLUSION

- 3.1 The foregoing provides an outline of the changing circumstances associated with the Guildhall Project. As noted earlier, irrespective of the position regarding any grant application, the responsibility for the repair, maintenance and upkeep of these iconic buildings rests solely with the Town Council. The additional costs associated with the capital works (extension/lift tower) represent improvements to facilitate the mixed use which has been identified as best providing for the sustainable long term use of the premises.
- 3.2 Whilst the new costs identified in relation to the activity side (£50-60,000 per annum) are substantial, examples elsewhere indicate that a significant (perhaps up to 50%) proportion could be recovered through fees and charges to educational groups and similar.
- 3.3 It is to be expected that complex schemes will develop and change over the course of the development stage and that has occurred on this occasion. In so doing the vision for mixed use has been improved by new space/better visitor flow and recognition of the support the education function will need.
- 3.4 However, this does result in the need for additional resources for both design and activity strands if a bid is to be made to HLF with the best chance of success. Consequently, with due regard to the longstanding policy decision of the Council to progress this scheme, it is recommended that the Council consider the following recommendations.

### 4. RECOMMENDATIONS

- 4.1 That Tavistock Town Council:-
  - a) Approves the preliminary heads of terms between Tavistock Town Council and Tavistock Heritage;
  - b) Authorises the engagement of a resource to make early application for grants to support the scheme – both in terms of capital monies and on-going development costs;
  - c) Works with partners such as the Cornwall Mining World Heritage Site Office to secure match funding;  
Adjusts its projected future budget position to reflect the increase costs identified above - both capital (in the full amount pending any grant awards) and development (£30,000 in year one and £60,000 for four years thereafter pending any grant awards).

**CARL HEARN  
TOWN CLERK  
NOVEMBER 2016**