

**NORTH HERTFORDSHIRE MUSEUM AND COMMUNITY FACILITY –
INFORMATION NOTE****REPORT FROM THE STRATEGIC DIRECTOR OF CUSTOMER SERVICES**

This information note provides an update on the North Hertfordshire Museum and Community Facility project following Council's decision on 11th November 2010 to proceed with the Hitchin Initiative's sponsored 'community' proposal now being taken forward by Hitchin Town Hall Ltd.

The Project Board met on 19th May 2011 and considered current issues and project plan status.

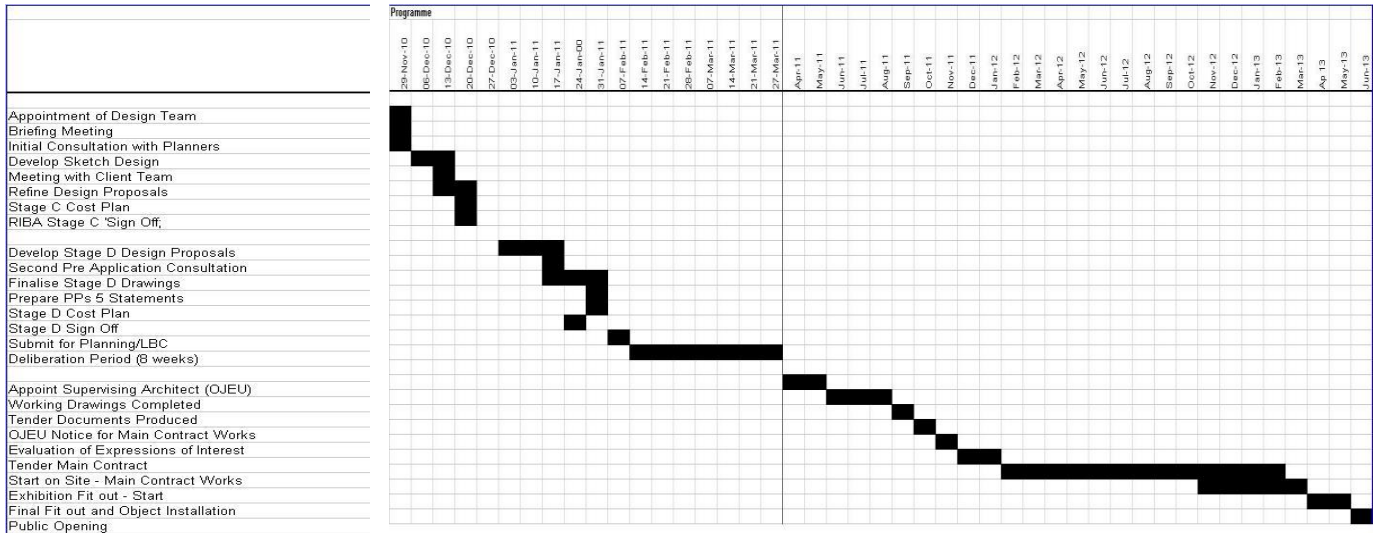
Project Issues

Since confirmation of the grant/loan award from the Community Builders Fund (now known as 'Future Builders') on 10th February 2011 significant progress has been made and updates have been provided via MIS. Current issues include:

- Development Agreement: Clarification of the grant/loan conditions with Future Builders is required to ensure these are incorporated in to the overall Development Agreement. Key points and potential solutions have been identified with Hitchin Town Hall Ltd and the Project Team continues to provide assistance to encourage progress in this area.
- Verbal confirmation has been received from Hitchin Town Hall Ltd in respect of its company and governance structure. In general terms these are in accord with the Council's expectations and this will be confirmed once written proposals are received.
- Procurement of the 'Supervising Architect' was due to be completed by the end of May 2011. As previously reported to Members, this timetable was subject to NHDC considering the full impact of the EU procurement requirements to assess whether there was a procurement option that enabled the Council to make a relatively speedy appointment. Following extensive research supported by the receipt of external legal advice, it has been concluded that a full Official Journal of the European Union (OJEU) procurement will be required and this will add approximately 160 days to the overall project timetable. This procurement has now been authorised and the implications will be considered in detail over the next few weeks. A more detailed report will be presented to Cabinet at its meeting on 26th July 2011 and this report will then be updated and presented to Council when it meets on 8th September 2011.
- The grant/loan conditions and Development Agreement create a complex VAT environment for the Council to actively manage to minimise VAT liability for both itself and Hitchin Town Hall Ltd. Specialist advice has been commissioned and will be used to provide feedback on the Development Agreement as further details are understood and amendments made. In the meantime, we are in active dialogue with HMRC to minimise the Council's liability.

Project Plan

A copy of the current project plan is reproduced below. Although this primarily illustrates key construction phases, these will need to be adjusted to accommodate the issues detailed above to extend the time required to 'Appoint Supervising Architects'. All previous plan deadlines in respect of the decision, planning permission etc have been met.



Supervising Architect and the project plan adjusted to accommodate the additional time.

- Following receipt of confirmation of conditions from Future Builders, officers will progress to conclude the Development Agreement with Hitchin Town Hall Ltd.
- Reports to the Council and Trust to consider a final agreement will be prepared to specifically seek authority to transfer part of the Town Hall and Trust property by way of a lease.

John Robinson
Strategic Director Customer Services

23rd May 2011