

MALMESBURY TOWN COUNCIL

Town Hall
Malmesbury,
Wiltshire
21st August 2007

LOCAL GOVERNMENT ACT 1972

You are summoned to an Extraordinary Meeting of the Council to be held in the Council Chamber, Malmesbury Town Hall on **Thursday, 30th August 2007**, commencing at **6.00pm**.

J Penfold
Town Clerk

To all members of Council

Cllr W G Blake
Cllr Mrs A L Davis
Cllr Mrs C C Doody
Cllr J R Lawton
Cllr R F Sanderson
Cllr A C R Woodcock

Cllr J A Bowen
Cllr Miss E A Davis
Cllr P J Goldstone
Cllr M J Thomas
Cllr M H Snell

Cllr S Cox
Cllr B E Denley
Cllr S Killane
Cllr J E F Poole
Cllr C M Vernon

A G E N D A

Public Question Time

1. Apologies.
2. To receive Declarations of Interest in accordance with the Local Councils (Model Code of Conduct) Order 2007.
3. To receive a report on the financing of the Town Hall Project and the results of tenders received, previously circulated as Report No.1
4. To receive a report on the financial details of the proposed lease to Friends of Athelstan Museum, previously circulated as Report No.2

Report No. 1.

Report to Extraordinary Meeting of Malmesbury Town Council 30th August 2007.

Town Hall Funding

1. Background

- 1.1 The financing for the agreed plan of refurbishment of the Malmesbury Town Hall was based upon the business plan submitted to North Wiltshire District Council.
- 1.2 The funding stream identified in the plan included £500,000 loan from the Public Works Loan Board, £108,932 from the Town Hall Project Fund and £150,000 from a section 106 agreement in respect proposed development of the Lucent site.
- 1.3 Originally the plan included for the sale of land at the rear of the Town Hall for residential purposes so as to provide additional funding for the improvements if required. The North Wiltshire District Council agreed to provide up to £77,000 to bridge any shortfall in the predicted value of the land and the outcome of any sale.
- 1.3 The proposal to sell land at the rear of the Town Hall was not proceeded with in view of the likely impact upon the continuing use of the building and any potential commercial letting. Consequently the District Council will not provide any support funding for the scheme of improvement.
- 1.4 In addition to the above funding a grant of up to £95,000 has been earmarked for the project by the Rural Renaissance Fund, subject to completion of the work within the current financial year

2. Proposal

- 2.1 The scheme agreed by the Town Council was based upon a total available expenditure of £750,000 for phase 1 with a possibility of additional support from the Rural Renaissance fund as indicated in para1.4. The expenditure level is assumed to be exclusive of any Value Added Tax and includes all professional fees.
- 2.2 Originally a total of ten contractors were invited to tender for the work, with only five indicating a willingness to accept. One of these withdrew before the closure date for receipt of completed bids. Of the four who returned the documents the quotes were as follows and do not include professional fees:-

Company A	£ 818,696.00
Company B	£ 891,466.00
Company C	£1,096,144.00
Company D	£ 848,932.00

- 2.3 It was not considered viable to seek further information from Company C in view of the cost quoted against the available budget.
- 2.4 The other three tenders had also exceeded the budget but those companies were requested to supply priced schedule of works for closer examination.

- 2.5 Company A submitted a priced document within a few days. Company B indicated that they were prepared to submit a priced schedule but not within the timescale, and Company D responded that they would only submit a priced schedule if they received confirmation they had supplied the lowest tender. Company D also indicated they required a much longer contract period than the project objective.
- 2.6 The Town Hall Project Board met with the professional team on Monday 20th August 2007 when the professional team advised that detailed discussions be held with Company A in an attempt to reduce the tender to the level of available budget.
- 2.7 The Project Board agreed that the professional team should meet with the preferred contractor to reduce the costs through negotiations on fees and finishes and that a report of the outcome would be presented to members of the Town Council at an Extraordinary Council Meeting to be held on the 30th August 2007..

3. Financial Implications

- 3.1 The developer who will be providing the section 106 funding is not under an obligation to release the money until the terms agreed in the planning consent have been discharged. It has been intimated that there is a willingness to release the money early and in advance but at the time of writing this report no confirmation of this gesture has been received by the Town Clerk.
- 3.2 In order to fund the scheme to the level of the previously agreed budget the options open to the Town Council may include: -
 - 3.2.1 reducing the amount of work undertaken at this stage,
 - 3.2.2 reducing the quality of finishes,
 - 3.2.3 abandonment of the work until full funding becomes available,
 - 3.2.4 utilising a major proportion of the remaining balances held by the Town Council
 - 3.2.5 seek an additional loan from the Public Works Loan Board.
 - 3.2.6 use the balances held by the Town Council whilst the application for an additional loan is processed.
- 3.3 Option 3.2.3 may not prove possible as some of the repairs are urgently required and it is essential that operation of the building meet the basic requirement of the Disability Discrimination Act
- 3.4 Options 3.2.1.and 3.2.2 may result in additional expenditure on professional fees to substantially alter the scheme at this stage.
- 3.5 The balances held by the Town Council include what are often referred to as "earmarked funds". These are funds set aside for future expenditure against planned projects or replacement/maintenance of assets. In the event that option 3.2.4 is pursued members will need to be aware of the impact upon other projects.
- 3.6 Option 3.2.5 will require an application for loan sanction to be made to the Department of Communities and Local Government and if permission is granted a loan may be secured through the Public Works Loan Board for whatever period is deemed appropriate.

- 3.7 Committee may feel it more appropriate to consider using a proportion of the balances supplemented by an additional loan.
- 3.8 A loan for £150,000 over a twenty five year period on similar terms to the previous loan would equate to yearly fixed payments of £10,736.54, or approximately £6.00 added to the precept on a Band D property.

4. Recommendation

4.1 The Town Council is requested to:-

- (i) determine the preferred course of action to take as a consequence of the section 106 funding not being made available before tenders are accepted, and
- (ii) confirm the selected company with which to enter into a contract and the scale of works to be undertaken at this stage.

Jeff Penfold
Town Clerk
20.07.2007

Report No.2.

Report to Extraordinary Meeting of Malmesbury Town Council 30th August 2007.

Lease to Friends of Athelstan Museum

1. Background

- 1.1 During the negotiations surrounding the transfer of Malmesbury Town Hall from the District Council to the Town Council it was accepted that the Athelstan Museum would be retained in the building and have the benefit of a rent-free period of three years from the date of transfer.
- 1.2 The Friends of Athelstan Museum investigated various sources of funding to support their plans to refurbish the museum and found that one of the required criteria was a lease of at least 15 years.
- 1.3 The Policy & Resources Committee considered a request from the Friends of Athelstan Museum for a fifteen-year lease on 20th March 2007. The request was agreed at Committee and the minutes approved by the Council on the 10th April 2007.

2. Proposal

- 2.1 The 15 year lease was agreed subject to the Friends of Athelstan Museum making payment to the Town Council for the agreed rent and the services and charges for common parts such as heating, lighting, insurance, rates, cleaning and maintenance, based upon the proportion of the area occupied for use by the Museum.
- 2.2 It was also agreed that, whilst the original rent-free period was for a term of three years from the date of transfer, the lease should include for a rent review after the expiration of this term and at regular intervals to safeguard the interests of the Town Council.
- 2.5 Discussions about the details of the lease have taken place with Friends of Athelstan Museum prior to their submitting a bid to Heritage Lottery. One of the areas of concern is the level of rental income expected by the Town Council. The Town Clerk has been advised by the Friends of Athelstan Museum that the bid for funding will fail unless it is supported by a sustainable business plan where the rent required is set at an affordable level, having regard to the predicted income of the Museum.
- 2.4 The original business plan for the museum shows the anticipated annual income stream in the first phase of being between £2,000 and £3,000 per annum. The accounts for year ended 31st March 2007 confirm an annual income of £10,936 although much of this was derived from grants and donations. Attached to this report, as appendix A, is the five-year financial plan upon which the bid for funding has been based.
- 2.5 Whilst the Council may wish to support the view that the rent charged will only be whatever FOAM can afford, legal advice has confirmed that a figure must be stated in the lease and that this figure will be regularly reviewed and increased by whatever inflation factor is deemed appropriate. The issue was discussed at the Policy and Resources Committee on 7th August 2007 when it was agreed to RECOMMEND that the Town Council includes a rental level in

the lease of £2,500 per annum with a yearly review in line with the RPI (retail price index).

- 2.5 The space occupied by the museum has now been separately rated but there remains the issue of service charges. Based upon the proportion of the room size to the total room space within the Town Hall, the FOAM will be liable to pay 10% of service costs, except where otherwise stated.
- 2.6 The service costs include:-
- Insurance of the building
 - Cleaning and maintenance of common parts including toilets
 - Lighting of common parts
 - Service and maintenance of fire and intruder alarms (50% of the latter)
 - Water and sewerage charges in respect of the toilets
- 2.7 It is estimated that based upon current costs the annual financial charge to be borne by FOAM in addition to any rental fee will be in the region of £2,000 This figure does not take into account any increase in the insurance premium and this could add an additional £700 to the above.
- 2.8 It has been suggested that in order to assist FOAM, any costs involved with the maintenance and servicing of the lift would not be included with those identified in para.2.6.

3. Financial Implications

- 3.1 The original business plan for the Town Hall included rental income and contribution towards expenditure from the space occupied by the museum. If one of both of these is to be forgone then the additional cost of operating the Town Hall will need to be supported through the precept.

4. Recommendation

- 4.1 The Town Council is requested to note the report and confirm the rent level and service charges to be included in a lease to the Friends of Athelstan Museum.

Jeff Penfold
Town Clerk
20.08.2007

Description	2008/9	2009/10	2010/11	2011/12	2012/13
Budget					
Friends of Athelstan Museum					
01/04/08 - 31/03/13					
Income					
General Donations	1,600	1,650	1,700	1,750	1,800
Grants (Restricted income for salaries etc.)	50,000	20,000	21,000	22,000	23,000
Membership Donations	1,500	1,520	1,540	1,560	1,580
Membership Income	1,000	1,020	1,040	1,060	1,080
Other F/R	10,000	10,500	11,000	11,500	12,000
Parish Donations	750	750	750	750	750
Preview Donations	300	325	350	375	400
Sale of museum books/postcards	2,000	2,000	2,000	2,000	2,000
Ticket Sales	800	800	800	800	800
Bank Interest	50	55	60	65	70
Total Income	68,000	38,620	40,240	41,860	43,480
Expenditure					
Energy and Utility Costs	1,000	1,100	1,210	1,331	1,464
Entertainment and refreshments	500	512	525	537	550
Equipment	500	512	525	537	550
Exhibit Purchase	100	102	105	107	110
Fundraising Costs	800	820	841	862	883
Insurance	350	360	370	380	390
Malmesbury Memories	400	410	420	430	440
Marketing and Communications	150	154	158	162	166
Membership/Professional Fees	50	51	53	54	55
MTC and other Room Hire	100	100	100	100	100
Misc.	150	150	150	150	150
Museum Postcards and Books (FoMA , CT etc.)	700	700	700	700	700
Phone/Computer/ et al	1,000	1,025	1,050	1,070	1,100
Postage and Stationery	500	513	525	538	552
Printing and presentational material (Exhibitions)	300	308	315	323	331
Rates	750	766	785	800	820
Salaries dependent on Grants	56,000	22,440	22,889	23,347	23,814
Total Expenditure	63,350	30,022	30,720	31,427	32,174
Profit/Loss - sub total	4,650	8,598	9,520	10,433	11,306
Risks and Reserves	5,000	5,000	5,000	5,000	5,000
Profit/Loss - Total	-350	3,598	4,520	5,433	6,306