



CABINET

6 SEPTEMBER 2016

CORPORATE DIRECTOR FOR PLACE COMMISSIONING: TONY CIABURRO

**DEPUTY LEADER AND CABINET MEMBER WITH RESPONSIBILITY FOR PUBLIC PROTECTION, STRATEGIC INFRASTRUCTURE AND ECONOMIC GROWTH:
CLLR ANDRE GONZALEZ DE SAVAGE**

Subject:	Planning for the future of Chester Farm
Recommendations:	<p>That Cabinet:</p> <ol style="list-style-type: none"> 1. Notes the progress on the development of the Heritage Gateway concept and the Chester Farm project. 2. Agrees the approach to the establishment of a new governance model as outlined in section 4. 3. Delegates authority to the Corporate Director for Place Commissioning, in consultation with the Deputy Leader and Cabinet Member for Public Protection, to undertake the due diligence outlined in section 5 of this report, to establish the appropriate new governance vehicle. 4. Further reports on progress be brought back to Cabinet for further consideration as appropriate.

1. Purpose of Report

This report outlines progress on the development of the Heritage Gateway concept and the way forward for developing a new governance model for the Chester Farm heritage asset.

2. How this decision contributes to the Council Plan

The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county’s communities and or safeguarding the county’s communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by ensuring that:

- People have the information and support they need to make healthy choices and achieve wellbeing.
- People achieve economic prosperity, in a healthy, low carbon economy which give access to jobs, training and skills development.
- Resources are utilised effectively and efficiently, in coordination with partners and providers.

3. Background

- 3.1 In March 2016 Cabinet agreed a report setting out the future direction for the better governance of Northamptonshire's heritage, including the development of the concept of the Northamptonshire Heritage Gateway. Joint working with key strategic partners to develop projects as part of this concept is now well advanced and includes the drafting of a countywide Heritage Strategy and the development of a digital heritage web 'portal', among other things. A further report will be brought to November Cabinet.
- 3.2 In March, Cabinet also required further business planning to be undertaken around the best model for the future governance and operation of the Chester Farm asset. This asset is part of the Northamptonshire Gateway.
- 3.3 Chester Farm was bought by the County Council in 2004 because of its heritage importance, comprising a Scheduled Monument with a complex of Listed buildings. The nature of the statutory responsibilities and condition of the site made it a liability that needed to be managed effectively; the main Grade 2* Listed farmhouse was on the Historic England 'At Risk' list. Doing nothing was not an option as this would have incurred costs for maintenance without any benefit from such expenditure.
- 3.4 A business case was developed that demonstrated the need for investment in order to realise the core heritage offer that the site could provide to the communities of Northamptonshire. The means of supporting this offer was through finding new uses for all the buildings that would also provide income to cover the site's operating costs into the future. The development plan was agreed and in 2013 a capital sum of £4.9million was allocated towards the realisation of the project, and some £3.97million was secured from the Heritage Lottery Fund.
- 3.5 The project, which started in April 2014, is progressing well. Designs for all the buildings received planning permission in July 2016 and the main contractor will start on site in September 2016 with an anticipated completion of spring 2018. The site, excluding the buildings area, has been opened to the public and a number of volunteer projects are already well underway. A website has been developed and is being used to provide information about the project and develop audience engagement with the site (see www.chesterfarm.co.uk).

4. Potential Governance Options

- 4.1 The aspiration is that the site should be managed in such a way that it can deliver charitable outcomes, especially relating to education, learning and community participation, but can also be run as a viable business. It is the Council's intention that some form of trust should be created to take on this management role.
- 4.2 The exact model is yet to be agreed. However, advice to date is that a 'general' trust is not legally robust enough, given the complexities of the project and the site. In essence the decision has to be based on whether the Council wishes to establish a company limited by guarantee that obtains charitable status OR focus on an alternative "company" structure, such as a Community Interest Company or a Charitable Incorporated Organisation. A full options appraisal including the necessary documentation required in each case is underway.

- 4.3 The final choice as to the most appropriate vehicle will be influenced by decisions around the ownership of the asset and the role to be played by the company members/trustees. In any case, trustees will need to be identified of appropriate calibre and skills to take on the management of a complex site.
- 4.4 A revised business plan, including a financial model that takes into account tax implications of any transfer to a new corporate vehicle, is also being developed for the site. Any decision on the way forward must be informed by the financial imperatives.
- 4.5 The County Council also needs to take into account its liabilities in respect of the repayment of the capital loan required to finance the project. If the site were to be transferred, either outright or as leasehold, to a new corporate vehicle, this should include responsibility for the repayment of both interest and the capital sum over 40 years. In order to make it viable for a new body to take on the site, it would be sensible to have an initial period during which these costs are subsidised by the County Council on a sliding scale, reducing over a five year period in order to ensure the new governance arrangements get off to a good start.

5. Next Steps

- 5.1 In order to ensure that any new proposed governance model is robust and sound a great deal of technical work must be undertaken. A number of detailed work streams are underway. The following key points are currently being explored:
- The management of the site and the liabilities while the main construction process is underway.
 - The potential need to subsidise the new corporate vehicle, probably on a sliding scale over three to five years.
 - The treatment of staff currently employed by NCC to work on the site and to deliver the project.
 - The recruitment of people with appropriate skills and experience to be on the board of the new governance vehicle and take on the operational management of the site.

6. Timelines

Sep 2016 Recommendations to SRO on matters currently being explored, as per section 5.

Nov 2016 Cabinet report with recommendations on all the matters as listed in section 5 above.

Dec 2016: Set up new company and apply for charity status (12 week process)

Jan- Mar 2017 Recruitment of Trustees

End March 2017 'Trust' established.

7. Consultation and Scrutiny

- 7.1 In looking at options for the legal framework for the trust, advice has been taken from LGSS finance. In looking at the business plan and the financial model in particular, advice has been taken from a number of experts. The consultation has been with key members and with the Heritage Lottery Fund.

7.2 No public consultation has yet been taken.

8. Equality Screening

Reason that no EqlA is required	as appropriate
The paper is for information only	
The proposal/activity/decision has no impact on customers or the service they receive	

9. Alternative Options Considered

9.1 One alternative is for the County Council to retain the full ownership and operation of the Chester Farm site into the long term.

9.2 Another is for the transfer of the site to a new corporate vehicle to be delayed until the site is up and running and has demonstrated that it can be run as a viable business.

10. Financial Implications

10.1 The County Council has allocated £4.9million of capital to the project and has secured £3.97m from the HLF. Any remainder required for the project will be funded from further grants and donations as necessary.

11. Risk and Business Continuity Management

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
No individual(s) are identified as willing to be Trustees to take on the site because the current business case is challenging.	County Council to provide transition funding to enable the new corporate vehicle to develop the business.	Amber
No agreement is possible on the relationship between the new corporate vehicle and the arrangements currently in place for the delivery of the project.	Involvement of HLF in discussions as to the model and any implications.	Amber
Delivery of the project is delayed.		Amber

b) Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
The County Council has to continue to deliver the current project commitments	Green

12. List of Appendices

Author:	Name: S Bridges Team: Archives and Heritage
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Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	NO
Will further decisions be required? If so, please outline the timetable here	NO
Does the report include delegated decisions? If so, please outline the timetable here	YES
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)?	YES Name of SFM: Rosemary Pallot
Have any capital spend implications been cleared by the Capital Investment Board (CIB)?	NO
Has the report been cleared by the relevant Director?	YES Name of Director: Tony Ciaburro
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Gonzalez de Savage
Has the relevant scrutiny committee been consulted?	NO
Has the report been cleared by Legal Services?	YES Name of solicitor: Marcus Tapley-Peabody
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Liam Beasley
Have any property issues been cleared by Property and Asset Management?	YES Name of officer: James Thorpe
Are there any environmental implications:	NO
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	YES, see section 5
Are there any human rights implications:	NO
Constituency Interest:	