

Madeley Town Council

Minutes of the Meeting of Madeley Town Council held on
Monday, 4th February 2019, at Jubilee House, High Street, Madeley
commencing at 7.00 p.m.

Councillors Present: **C Mackenzie (Chair), S Biles, S Chadwick, R Coates, D Edwards, AR England, R Evans, G Green, S Harrington, J Jones, A Mackenzie, P Taylor, S Taylor, D White**
Clerk to the Council
Responsible Finance Officer
Deputy Clerk
Regeneration Officer
biT Service Delivery Manager

18/87 **Apologies**

Councillor P Watling - on holiday - Accepted

Resolved:

To accept the apologies submitted by Councillor P Watling.

18/88 **Remarks from the Chair**

The Chair welcomed the two members of the public who were present.

18/89 **Declarations of Interest**

Councillors R Evans declared an interest as Telford & Wrekin Council Cabinet Member with a portfolio including the Library Service (this refers to Agenda Item 5.5 regarding a Service Level Agreement and lease with the Telford & Wrekin Library Service).

18/90 **Budget & Finance**

90.1 Expenditure Approval

to approve expenditure transactions

The Responsible Finance Officer had prepared the Expenditure Transactions Approval List report for the period to 28th January 2019. The RFO asked for the addition of a payment of £299.44 to Water Plus to the expenditure approvals list in order to avoid a late payment penalty.

Resolved:

That the expenditure transactions, including the payment to Water Plus recorded be confirmed and approved for payment.

18/91 Anstice Refurbishment Project

To upgrade the building to modern standards, while retaining the character of the building, and to develop it into a building that the local community will want to use.

The Town Clerk had written a report for Council about the Anstice refurbishment project (see Appendix A). The report was circulated to councillors with the Agenda and papers for the meeting, together with a copy of the Tender Report produced by biT. The Clerk was commended for the clarity and detail of the report. The report contained the recommendations from the Anstice Refurbishment Steering Group regarding the following Agenda items:

91.1 Approval of the Contractor for the Refurbishment

It was proposed by Cllr S Chadwick, seconded by Cllr S Taylor and **Resolved** by a unanimous vote:

To appoint contractor C to carry out the Anstice refurbishment at a tender cost of £1,099,788.42

91.2 To agree the project scope and timeline and the project budget

It was proposed by Cllr S Chadwick, seconded by Cllr S Taylor and **Resolved** by a unanimous vote:

To approve the project scope and timeline as detailed in the report and the project budget of £1,204,788.42 as shown in the report.

91.3 To Agree to seek the approval of the Secretary of State for Housing, Communities and Local Government to apply for a Public Works Loan Board loan

It was proposed by Cllr S Chadwick, seconded by Cllr S Taylor and **Resolved** by a unanimous vote:

That Council seek the approval of the Secretary of State for Housing, Communities and Local Government to apply for a Public Works Loan Board loan of £586,680.00 up to 27 years for the purpose of the Anstice Memorial Hall refurbishment. The annual loan repayments will come to around £30,178.22 and will be met from existing budgets. It is not intended to increase the precept for the purpose of the loan repayments.

91.4 To agree the lease arrangements with the Anstice Community Trust

It was noted from the report that the Town Council owns the Anstice Memorial Hall and will retain the freehold. At the Steering Group meeting on 20th November 2018 it was agreed to recommend to Full Council that MTC should enter into a 25-year internal repairing lease with ACT, initially at zero rent with ACT receiving all rental income from the rental units and the flat. This would be reviewed after 10 years, with Madeley Town Council then being able to agree with ACT a rental arrangement for the remaining 15 years of the lease.

It was proposed by Cllr D White, seconded by Cllr P Taylor and **Resolved** by a unanimous vote that a clause should be added to the lease and to the Partnership Agreement between Madeley Town Council and ACT stating the following:

That ACT will make the building available to MTC free of charge for the annual Christmas Lights event and for a small number of planned community and/or Civic events.

It was proposed by Cllr D White and seconded by Cllr P Taylor and **Resolved** by a unanimous vote:

That subject to the addition of the clause agreed above, to agree to enter into a 25-year internal repairing lease with the Anstice Community Trust, initially at zero rent with ACT receiving all rental income from the rental units and flat. This will be reviewed after 10 years, with Madeley Town Council then being able to agree with ACT a rental arrangement for the remaining 15 years of the lease. This arrangement being based on similar local commercial rental rates at that time and on the viability of ACT at that time.

91.5 To agree to enter into a Service Level Agreement and ten-year lease with the Telford & Wrekin Library Service

It was proposed by Cllr S Chadwick, seconded by Cllr S Taylor and **Resolved**:

That the Town Council agree a service level agreement and 10-year lease arrangement at zero rent with the Telford & Wrekin Library Service for the provision of Library services in the Anstice, with occupation taking place from September 2019.

Having declared an interest, Cllr R Evans abstained from voting.

18/92 Date of Next Meetings

The next meeting of Madeley Town Council will be on Monday 4th March 2019, at Jubilee House, High Street, Madeley, commencing at 7.00 p.m.

The Chair closed the meeting at 7.10 p.m.

Signed

Dated:

(Chair)

1 PURPOSE & MAIN PROPOSALS

This report makes a number of proposals to allow for commencement of work on a refurbishment of the Anstice Memorial Hall for occupation of the building under lease by Anstice Community Trust (ACT) and by Madeley Library. It is envisaged that, should recommendations and funding be approved, refurbishment will be completed by the end of August 2019. The report outlines arrangements for the approval of a contractor, project budget and timeline, application for a Public works loan and lease arrangements for Anstice Community Trust and Library service.

Madeley Town Council purchased the building in 2015 and have worked over the last four years in partnership with ACT to bring the building back to community use.

Following two unsuccessful Heritage Lottery Fund bids the Town Council agreed a locally funded refurbishment scheme early in 2018. The refurbishment will provide disabled access and increased capacity for the ballroom and allow the building to be a thriving community building at the heart of the local community with a sustainable future.

The Council appointed the Anstice Refurbishment Steering Committee at the beginning of the project to make recommendations to Full Council.

Their recommendations are shown below together with a number of additional recommendations.

a) Approval of Contractor for Refurbishment

A competitive tendering process was conducted between 23 November and 14 January for the refurbishment of the building. Three tenders were submitted and these have now been evaluated by Steering Group representatives together with Telford & Wrekin BiT team.

The following tenders were received:

Contractor A	£1,119,735.99
Contractor B	£1,166,214.87
Contractor C *	£1,099,788.42

The Tenders were assessed and scored on price (60%) and quality (40%)

Contractor	Price	Score (60%)	Quality	Score (40%)	Overall Score
C	100	60	75	30	90
A	98.19	58.91	73	29.20	88.11
B	93.96	56.38	37	14.80	71.18

Contractor A responded to 6 queries raised but confirmed that they had omitted a mechanical provision sum from the tender submission which totalled £76,250.00. At the time the tender report was produced Contractor A had not confirmed whether they would stand by their original tender of £1,119,735.99 or would withdraw from the process. The tender report advised that the danger was that if the contractor agreed to stand by the original price, they may seek to recover the shortfall of £76,250.00 during the construction period.

Contractor B was asked to respond to 12 queries regarding their submission but did not respond within allotted timescales. Contractor C responded to 8 queries raised concerning their submission within the required timescales. Contractor C scored highest on both price and quality and provided responses to queries raised.

Contractor C scored highest on quality and tendered the lowest cost.

Following consideration at their meeting of 22 January the Steering group recommended the appointment of Contractor C.

Recommendation to Council:

The Steering Group Recommend the appointment of contractor C at a tender cost of £1,099,788.42

b) Project scope, Budget and Timeline

Scope

The project scope is primarily a full mechanical/electrical refurbishment to the ground floor, including the installation of a lift at the rear of the building, refurbishment of flat, accommodation of Madeley Library and First Point as well as the creation of 2 commercial rental units. With the top floor, new toilets will be installed, the ballroom will be redecorated and the bar will be refurbished. ACT's business plan includes ongoing income generation from the hire of the ballroom from events and from bar income

ACT have obtained capital funding for the redecoration of the ballroom and refurbishment of the upstairs bar and this has been added to the project scheme and budget. Repairs/refurbishment to upstairs windows and replacement of ground floor side windows has also been added into the project scheme and budget. An allowance of £15,000 has been made to cover Planning and Listed Building consents, purchase of land for the lift and for legal advice. Telford & Wrekin Council's BiT team were appointed to design and manage the project, manage planning and listed building

consents and the competitive tendering process at a cost of £88,000. This is equivalent to 8% of the value of the recommended tender.

Main Build

Strip out, asbestos
 Externals, ramps, drainage, services
 Structural alterations, walls, partitions, doors
 Floor finishes
 Painting, decorations
 Kitchen
 First Floor W.C.s

Mechanical

Lift
 Ventilation, extraction systems
 Heating, pipework, valves, controls, circuits

Electrical

Lights, LEDs
 Wiring circuits, controls, switches
 Fire alarm, intruder alarm, CCTV, door access controls
 Upgrading boards, incoming services

Flat

Refurbishment kitchen, bathroom,
 heating, lighting, wiring and redecoration

Bar Refurbishment

Ballroom Redecoration

Community Café

Repair/refurbish front windows

Replace side windows ground level

Timeline

The preferred contractor has confirmed in their tender submission that the project work is scheduled to begin on 25 February and end on 30 August, a period of 27 weeks. The Town Council are scheduled to meet with the BiT team to firm up the project schedule during week commencing 28 January

Budget

Total Value of Tender Received	£1,099,788.42
Land Acquisition	£2,000.00
BiT Fees @ 8% of tender value	£88,000.00
Legal Fees - Leases/Sub Leases/Searches etc.	£15,000.00
Total Costs for all works	£1,204,788.42

The refurbishment will be funded from existing Town council reserves, grant funding and a public works loan as shown below.

Project Funding	Cost value
Public Works Loan	£586,679.42
Madeley Partnership	£66,357.00
<u>Telford@50 Grant Funding</u>	£150,009.00
MTC Telford @ 50 match funding	-£37,498.00
-	
MTC Anstice Reserve	£126,741.00
T&W Library relocation contribution	£124,000.00
ACT Power To Change Capital Grant Funding	£88,000.00
Less MTC Match Funding	-£22,000.00
Veolia Funding	£75,000.00
Less MTC Veolia match Funding	-£7,500.00
Sub Total	£1,149,788.42
<u>Additional works separately Funded by ACT</u>	
ACT PTC Ballroom and Bar Refurb grant	£41,250.00
ACT match funding contribution PTC	£13,750.00
Total Funding	£1,204,788.42

At its meeting of 22 January, the Steering Committee recommended the project scope, timeline and budget as shown above and as shown at Appendix B.

Recommendation to Council:

The Steering Committee recommend the project scope and timeline as outlined above and the project budget of £1,204,788.42 as shown at Appendix B of this report

- c) Terms of Public Works Loan application – amount, interest and repayments

The Council's RFO has identified the following options for borrowing £586,680 from the Public Works Loan Board (PWLB) with an annual repayment of around £30,000.

The Council's ongoing budget has made provision for annual repayments of £30,000 and the precept will not increase for the purpose of the loan repayments. The loan repayments are sustainable within current budgets. The Council currently pays around £30,000 per annum into the Anstice reserve, these payments to reserves will cease from 2019/20.

PWLB FIXED RATE LOANS - ESTIMATED REPAYMENT COSTS

Amount of Advance:

586,680.00

Period

(years)

Period (years)	Rate %	Annuity		Total Cost (£)
		½ Yearly Cost (£)	Yearly Cost (£)	
27 to 27½ years	2.65	15,089.11	30,178.22	829,901.05
27½ to 28 years	2.66	14,924.14	29,848.28	835,751.84

The recommended option is to make an application for a PWLB the loan over 27 to 27 1/2 years with yearly repayments of £30,178.22 at the current interest rate of 2.6 %. The total amount repayable over the term of the loan is estimated at £829,901.05.

Recommendation to Council:

That the Council seek the approval of the Secretary of State for Housing, Communities & Local Government to apply for a PWLB loan of £586,680.00 up to 27 years for the purpose of the Anstice Memorial Hall refurbishment. The annual loan repayments will come to around £30,178.22. It is not intended to increase the precept for the purpose of the loan repayments.

d) Lease Arrangements

The Town Council own the building and retain the freehold. It was agreed at the 20 November 2018 meeting of the Steering Group that the Council enter into a 25-year Internal Repairing lease with ACT, initially at zero rent with ACT receiving all rental income from the rental units. The Town Council will be responsible for the repair and maintenance of the common parts and exterior of the building. ACT will be responsible for maintenance, decorations, repairs and insurance confined to the internal parts of the property. This will be reviewed after 10 years with MTC then being able to agree with ACT a rental arrangement for the remaining 15 years of the lease. This arrangement being based on similar local commercial rental rates at that time and on the viability of ACT at that time.

These arrangements would allow ACT security of tenure and the opportunity to establish themselves over a long period of time whilst allowing the Town Council to ensure revenue can be generated on the building after the first ten years of the lease arrangement.

Big Lottery Power To Change funding obtained by ACT is conditional on the security of the offer of a 25-year lease for the building. Without a 25 year lease the funding offer of £174,750 will be withdrawn. This would have major implications for ACT in recruiting and retaining staff and for the Town Council as £66k capital funding to support the project would be lost. In the case of ACT, there are few large funding 'pots' available and the ability to recruit staff to ensure the building thrives is vital, particularly in the early years of tenancy. For MTC, the loss of capital funding would mean a higher value public works loan would be required.

The Town Council received VAT advice in 2017 from IAC Audit & Consultancy that the Anstice needed to be treated as 'non-business use' and no rental could be charged for a 10-year period if the Town council were going to be able to reclaim VAT on the refurbishment project. The reclaimed VAT would amount to around £200k. Following the reclaim of VAT the Town council would then need to allow 10 years to elapse before the building could be treated as business use and any rental could be received. The Council's Finance & General Purposes Committee resolved at its meeting on 16 October 2017 to treat the building as non-business use, meaning no revenue could be received from the building for a period of 10 years.

Recommendation to Full Council:

The Steering Committee recommend that the Council enter into a 25-year Internal Repairing Lease with ACT, initially at zero rent with ACT receiving all rental income from the rental units and flat. This will be reviewed after 10 years with MTC then being able to agree with ACT a rental arrangement for the remaining 15 years of the lease. This arrangement being based on similar local commercial rental rates at that time and on the viability of ACT at that time.

e) Library Funding and Service Level Agreement

The Town Council have agreed a business case with Telford & Wrekin Council to accommodate Madeley Library in the Anstice once the refurbishment is completed.

Existing library and First Point staff will be retained and books and IT equipment from the current library will be transferred to the Anstice. Telford & Wrekin have agreed to provide a relocation contribution of £124,000 to the Town Council and will continue to fund staffing, books and equipment. This payment of £124,000 will be paid over in the next month and forms part of the funding for the refurbishment project. A Service Level Agreement and lease will then be drawn up between Telford & Wrekin and the Town Council before the Library service moves in from September 2019. Madeley Town Council will pay for running costs, utilities, rates etc. This will ensure the library and First Point service is retained in Madeley. In terms of a lease, the Town council will agree a 10-year lease at zero rental. The Town council cannot charge rent as the building is treated as 'Non-Business Use' for VAT purposes.

Recommended:

That the Town Council agree a service level agreement and 10-year lease arrangement at zero rent with Telford & Wrekin Library service for the provision of the Library services in the Anstice, with occupation taking place from September 2019

f) Telford@50 Funding

The Town Council have been successful in obtaining £112,500 funding from Telford & Wrekin Council's Telford@50 buildings fund for the refurbishment project. This funding is due to be paid across in the next month.

g) Big Lottery 'Power To Change' and Veolia Capital Grant FundingPower To Change Funding

ACT have been notified by Big Lottery 'Power To Change' that they have been successful in their bid for revenue and capital funding as shown below.

Item	Total	Bid 75%
Ballroom redecoration Capital	£30,000	£22,500
Catering/Bar refurb Capital	£25,000	£18,750
Toilet refurb Capital	£38,000	£28,500
Lift Capital	£50,000	£37,500
Building & Event Manager Revenue	£90,000	£67,500
Total	£233,000	£174,750

As previously agreed by the Steering Group, ACT will provide match funding for the Ballroom redecoration, Bar refurbishment and Building Event Manager funding. Madeley Town council will provide match funding for the Lift and Toilet refurbishment capital funding.

Veolia Funding

The Town Council have been successful in obtaining capital funding from Veolia for the refurbishment project. Total funding is £75,000 with the Town Council match funding via a contribution of £7,500.

2. RECOMMENDATIONS

That the following recommendations be approved:

- a) That Council agree the appointment of contractor C to carry out the Anstice refurbishment at a tender cost of £1,099,788.42
- b) That Council approve the project scope and timeline as detailed in this report and the project budget of £1,204,788.42 as shown at Appendix B of this report
- c) That Council seek the approval of the Secretary of State for Housing, Communities & Local Government to apply for a PWLB loan of £586,680.00 up to 27 years for the purpose of the Anstice Memorial Hall refurbishment. The annual loan repayments will come to around £30,178.22. It is not intended to increase the precept for the purpose of the loan repayments.
- d) That Council agree to enter into a 25-year Internal Repairing lease with ACT, initially at zero rent with ACT receiving all rental income from the rental units and flat. This will be reviewed after 10 years with MTC then being able to agree with ACT a rental arrangement for the remaining 15 years of the lease. This arrangement being based on similar local commercial rental rates at that time and on the viability of ACT at that time.
- e) That the Town Council agree a service level agreement and 10-year lease arrangement at zero rent with Telford & Wrekin Library service for the provision of the Library services in the Anstice, with occupation taking place from September 2019

3. FINANCIAL & COMMUNITY IMPACT

a) FINANCIAL

3.1 Project Cost

Build Cost as per Tender	£1,099,788.42
Legal Fees	£15,000
biT Group Fees (7%)	£88,000
Land Acquisition	£2,000
Total Cost	£1,204,788.42

a) Borrowing

Borrowing figures are based on a Public Works Loan of £586,680 over 27 years as set out in Section 1c of this report.

Borrowing costs are sustainable and will be funded from existing budgets. The Town council and ACT will continue to work together to identify and maximise additional grant funding opportunities to develop and support the Anstice building.

b) Revenue and Costs

ACT have been successful in attracting funding from Big Lottery Power to Change and Reaching Communities funds. The former is made up of capital and revenue funding whilst the latter is revenue funding for a staff post. The revenue funding is being used for the funding of Centre Manager and Outreach Officer posts for the next 3-4 years. ACT are focussing on income generation, the income from the Bar will be an important element of future income for ACT. Grant funding is being sought to equip the Community Café which will be located on the ground floor, together with the ACT office, close to the Library service. The current ACT licence expires at the end of 2019 and a new agreement has now been signed and approved by the Town Council and ACT trustees.

Once lease arrangements are agreed, the Town council, as landlord, will remain liable for building maintenance and repair costs as well as apportioned utility costs for the area occupied by the Library. ACT will sub lease the two rental units and the flat and receive the income from both. ACT; as a registered charity do not currently pay rates as they are eligible for rate exemptions/relief from the Borough Council. Rental units will also be liable for their own utility costs and for apportioned rates charges. The terms of the lease will be reviewed after ten years with both parties agreeing a rental arrangement for the remaining 15 years of the lease. This arrangement being based on similar local commercial rental rates at that time and on the viability of ACT at that time.

The RFO has provided the following annual breakdown of utility costs.

Anstice Memorial Hall.

Gas	Electricity	Water	Refuse	Phone line
£	£	£	£	£
3257.23	2372.04	2693.15	388.54	367.23

It should be borne in mind that these costs are for use of the building on Wednesdays and some weekend use for events. Costs will be significantly higher for regular use of the building.

c) ACT financial Support

The Town Council approved a 4-year financial support plan to support ACT In the first years of operation at its meeting of 23 July 2018. ACT will require initial Madeley Town council financial support as they build up revenues in the first 3-4 years to ensure sustainability. Phased support will be provided by the Town Council over the first 4 years at the following decreasing levels:

Year 1	£20,000
Year 2	£15,000
Year 3	£10,000
Year 4	£5,000

This funding will be met from existing budgets and paid over annually from 2019/20.

ACT will benefit from the rental income generated from the rental units and refurbished flat in the building as The Town council cannot charge for rental at the current time as the building is treated as 'Non-Business Use' for VAT purposes.

3.2 Fund Raising

Madeley Town Council and ACT will continue to explore all available grant funding opportunities for the building. ACT are in the process of recruiting a Centre Manager who, once appointed, will pick up fund raising as part of their role. In addition, ACT plan to appoint an Outreach worker to manage volunteers and support the Centre Manager.

The Town council currently fund the Project Officer post which has been in place to support ACT with setting up and promotion of events over the last few years. This post ends in July 2019 and these ongoing savings will be used to support the financial support for ACT in the first 4 years of operation. There will be a transition period when ACT staff are taking up their posts and the Town Council Project Officer ends. The Project Officer will focus on maximising grant funding for equipment, internal works and furniture between now and July 2019.

b) COMMUNITY

3.3 The building is a genuine community asset and is held in high regard by the local community who have made it clear that they want it to be reopened. ACT trustees are members of that community and have worked tirelessly to improve and raise the profile of the building. The building represents a focal point for the local community. The provision of a lift and disability access would allow all elements of the community to benefit. The Library would occupy part of the ground floor as part of the refurbishment scheme, retaining a much needed asset for the community. Telford & Wrekin council would provide 74 hours of Library and First Point officer time. A service level agreement will need to be agreed with Telford & Wrekin council for library provision in the building prior to occupation from September 2019 onwards.

The Community Café, operated by ACT, will provide refreshments, light food and a pleasant environment for local residents and visitors to the building.

4. LEGAL IMPLICATIONS

4.1 Further Planning and Listed Building Consents may be required as the scheme progresses.

4.2 Building will need to be compliant with requirements of Equality Act (2010)

4.3 The Council will be required to formally apply for a public works loan following resolution at Full Council, with all Councillors present.

4.4 The Council will need to enter a service level agreement with Telford & Wrekin council for the library and first point service occupation. A lease will also need to be put in place.

4.5 The Council is currently in the process of purchasing land at the rear of the Anstice from Telford & Wrekin council in order to house a lift pod on the outside of the building

4.6 The Council will need to enter a lease agreement with ACT for occupation of the building. ACT, in turn, will need to sub-lease rental space to tenants

4.7 ACT –refurbished flat will need to be banded for Council Tax purposes as domestic accommodation

5. INFORMATION

Background

5.1 The Town Council, working with ACT, have previously made two unsuccessful Heritage Lottery Funds bids to refurbish the building.

The aim has always been to upgrade the building to modern standards whilst retaining the character of the building and developing a building that the local community will want to use. ACT Trustees have worked to develop the building and build up a network of volunteers to support this work with use of the building increasing significantly in the last year. The building requires substantial renovation and improvement works in order to make proper use of the ground floor and to maximise use of the ballroom. The Town Council will hold a civic reopening event for the building in February 2020 to coincide with the building's 150th birthday. This event will be a celebration of bringing the building back in to use and a thank you to all partners, individuals and organisations that have provided their support for the refurbishment project.

The Anstice Refurbishment Steering Committee will monitor the project progress and report back regularly to Full Council, as per their Terms of Reference.

6. PREVIOUS MINUTES

Full Council

9 May, 27 June, 25 July, 5 September, 31 October, 21 November 2016

9 January, 8 May, 30 October 2017, 5 March, 14 May 2018 and 23 July 2018.

Report prepared by Phil Griffiths (Town Clerk)

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