

Appendix 19(a)

Shaw House, Newbury, West Berkshire.

Business Case and Business Plan to accompany
Stage 2 application to Heritage Lottery Fund. .

November 2003

1 Aims of the Project.

1.1 West Berkshire Council proposes to restore Shaw House for use as a training and development centre for all ages. It will support a wide range of heritage, cultural, civic and community uses. In order to achieve this aim the overall project needs to meet a number of criteria that have been agreed by the key stakeholders. The key stakeholders include the pupils, staff and governors of Trinity School; Shaw cum Donnington Parish Council representing local residents; representatives of St. Mary's Church; English Heritage and the Heritage Lottery Fund; and West Berkshire Council itself. The overall project must therefore include:-

- Restoration of the house in the setting of its historic garden.
- An end-use that promotes daily access to a wide range of groups and full public access for an acceptable percentage of the time.
- A scheme that fully interprets the historic importance of the property and promotes opportunities for this role to be fully appreciated.
- A robust business plan that offers a sustainable future for the property.
- No interference and disruption to the normal operation of the school.
- Benefits to the school in making best use of the total site footprint.
- Benefits to the school in gaining access to improved and additional facilities.
- No impact on site security and the overall safety of pupils.
- A managed solution to the traffic flows and car parking requirements that will be created by the activities at the house.
- No adverse impact on the Council's annual revenue budget.
- Minimisation of the risk of cost over runs in the restoration phase.
- Compliance with duty of care for an important listed building.
- A project that makes a contribution to the wider objectives of the Council.

2 Introduction to the Location.

2.1 Shaw House is a late 16th century Elizabethan gentry house set within the site of a formal garden also dating from the late 16th century. It is on the English Heritage "at risk" register. The house has been unoccupied since 1985 but, although empty, has been maintained in a stable condition to prevent further deterioration. The ownership and responsibility for the house and grounds was passed to West Berkshire when the new unitary authority took over the responsibilities of Berkshire County Council in 1998.

2.2 Prior to 1985, a local authority maintained 11-16 secondary school had occupied the house and grounds. Shaw House School continued to operate from a range of buildings in the curtilage of the house until September 1999. Earlier that year a proposal to close this school and the neighbouring Turnpike School had been agreed. The intention was to open a new 11-18 secondary school that served the whole of the North Newbury area. A subsequent evaluation of the potential locations for this new school identified the Love Lane site of the former Shaw House School as the most appropriate. Building works throughout 2000 and 2001 increased the permanent accommodation for the new school and started to rationalise the layout of the campus in accordance with the Conservation Plan agreed by West Berkshire Council at the start of the redevelopment programme. The new Trinity School currently has a pupil population of 952, was the

subject of a very good Ofsted Inspection in 2001, and has achieved specialist status from the Department for Education and Science as a college for the Performing Arts.

- 2.3 Given the intertwined nature of the location of Shaw House and Trinity School, the business case for proceeding with this project needs to be made at number levels.
- Why restore the house at all? Is another option merely to continue to maintain it in a way that prevents further deterioration?
 - Why should West Berkshire Council undertake the restoration? Is it possible to dispose of the property to a third party that will undertake the work needed to bring the building back into daily use.
 - Why should West Berkshire Council restore the house and grounds for the purposes outlined in this proposal? Have other options been considered? Do they have higher or lower levels of risk than this proposal?

3 Business Case.

3.1 For Restoration.

3.1.1 Shaw House is a Grade I listed property dating from the sixteenth century. The house is a nationally important example of an Elizabethan gentry house which has retained much of its original form and fabric. Although the architect is not known it was at the forefront of architectural development at the time and was the first house locally to use brick for such a large-scale building. The house's associations with people and events further enhance its significance. The links with three particular people cause the house to be considered as being of national significance. During the English Civil War, it was the headquarters for Charles I during the Second Battle of Newbury. The suite of staterooms prepared for the visit of Queen Anne in 1703 still survives. At that time, the house was in the ownership by the Duke of Chandos, a great patron of the arts and architecture in the first half of the 18th century. The house is one of three buildings in West Berkshire on the English Heritage Buildings at Risk Register (grade C). The other two are in private ownership. This category of buildings are identified as those where there is "slow decay and no solution agreed with English Heritage for its future". Only a Grade D classification "imminent danger of collapse" is a higher cause for concern.

3.1.2 The surrounding gardens are included on English Heritage's Register of Parks and Gardens as Grade II. Recent research has established that the raised terrace is a particularly rare example as some of the original yew trees also survive. This raised terrace is currently under consideration by English Heritage as a Scheduled Monument. This will bring a duty of care to a monument that is currently neither managed or interpreted archaeologically.

3.1.3 The restoration of Shaw House will fulfil the Council's statutory obligation to preserve this listed Grade 1 building. Moreover, the present project will remove Shaw House from English Heritage's 'Buildings at Risk' register.

3.2 For retaining the property in the ownership of West Berkshire Council.

3.2.1 The positive contribution that the retention and refurbishment of this property can make to the quality of life for local residents; the learning experiences of young people; and the personal and professional development of employees across West Berkshire, are set out in section 4 of this study. In addition to these positive reasons for implementing this project, there are also a number of difficulties in achieving a successful disposal.

3.2.2 In 1990 Humberts (London) put the house on the open market offering a 125 year lease at £1.25M. With this offer was the understanding that planning permission would be granted for development within the surviving grounds. Newbury District Council turned down planning permission for any development on the surviving grounds. In the end no buyer was found for Shaw House.

3.2.3 In June 1998, as part of the project to close the Shaw House and Turnpike Schools and establish the Trinity School, a marketing opinion and valuation was commissioned from Weatherall Green and Smith. They stated,

“ If we had been instructed to provide a formal valuation of this property in circumstances where it had been declared surplus, it would be appropriate to report a negative value. In order to achieve a sale it would be necessary to offer compensation to a purchaser for the restoration cost..”

3.2.4 Weatherall Green and Smith are now called Atis Real Weatheralls. They have been asked to provide an updated valuation based on their earlier work. Clearly there are significant issues about the way in which the property is split from the school campus. It must be born in mind that the school presence has grown substantially and English Heritage would oppose any development on any part of the surviving grounds within the bund. Similarly, English Heritage restrictions on proposed internal rearrangements to accommodate any future buyer would be more onerous than in 1990. Atis Real Weatherall have given a preliminary opinion that it will still not be possible to dispose of the property without a considerable endowment to a purchaser to cover the accrued disrepair of the Grade 1 listed property. The report outlining the basis of their opinion is reproduced as appendix 3.

3.3 For the portfolio of uses set out in the proposal.

3.3.1 Having concluded that the only realistic proposition for the restoration of the house lies with a project managed by West Berkshire Council, the work included in the stage one submission identified a number of potential uses for this building. Whilst each of them has some attraction on a “nice to do” basis, none of these options deliver all of the key criteria agreed by stakeholders.

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
Restore the House and	<ul style="list-style-type: none"> Trinity School receive a major heritage asset. 	<ul style="list-style-type: none"> English Heritage will have concerns over restoration and 	Option rejected

<p>grounds as additional accommodation for Trinity School.</p>	<ul style="list-style-type: none"> • Transfer of some responsibility and risk to another party . 	<p>maintenance of building, particularly since most damage to fabric was done when it was previously in use as a school.</p> <ul style="list-style-type: none"> • Not part of Trinity School's capital project / programme. • Much less funding available for capital restoration and repair of building. Questions of eligibility for funding if in sole LEA control / use. • Question over whether the £1m endowment can be used for this purpose. • Vodafone may withdraw their £1m match funding. • Fewer income possibilities. • very reduced public access / usage • Current redevelopment of school already fully meets their space requirements. • Heavy maintenance burden on Trinity School.. 	
-----------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
<p>Open as an Historic House</p>	<ul style="list-style-type: none"> • Light use empathetic to building fabric. • Allows public access and an opportunity to promote heritage 	<ul style="list-style-type: none"> • No original collection from the house exists to present in the space. • No resources for expenditure on acquisitions to furnish the space. • The house was continuously occupied from 1581 to 1985, to which period should it be restored to and why ? • General rather than managed access not empathetic to needs of adjacent school. • Newbury already has a museum housed in a unique heritage building. • Vodafone may prefer their contribution not to be used for this purpose. • High expenditure, low income therefore poor sustainability. 	<p>Option rejected</p>

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
<p>Community</p>	<ul style="list-style-type: none"> • Public, charitable, community 	<ul style="list-style-type: none"> • No need. Arts provision / 	<p>Option</p>

Arts Centre	<p>usage.</p> <ul style="list-style-type: none"> • £1m endowment can be used. • Eligible for English Heritage & Heritage Lottery, & Arts Council Capital Lottery Scheme. • Some revenue funding sources currently exist for community arts. • Usage empathetic to the neighbouring Trinity School. • Charitable / public ownership guarantees care of heritage building and public access / usage. • Develop concept of a community arts campus with Trinity School. • Provide managed access to the house for the public and promote interpretation of site. 	<p>facilities in region highly developed.</p> <ul style="list-style-type: none"> • Southern Arts and Arts Council of England highly unlikely to provide any revenue funds - lack of resources, existence of other provision locally. • Public funding moving away from service provision (e.g. funding an arts programme) and towards skills, training and person development - not empathetic to arts centre model. • Vodafone's preferred usage is lifelong learning centre (training and personal development). • Spaces within the building not appropriate for most visual and performing arts. • All capital projects carry some risk. • All new businesses carry some risk and take time to establish and stabilise. • Usage will create visitors who will need to travel there and park. 	rejected.
--------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------

3.3.2 The portfolio of uses that now form part of this project does deliver on all of the criteria agreed by stakeholders. On a wider front it also makes a contribution to the key priorities identified by the West Berkshire Strategic Partnership and West Berkshire Council. At the event that launched the West Berkshire Partnership in September 2001, the organisations that took part identified a wide variety of issues and actions for the Partnership to work on. These included:

	Learning	Maintaining/raising educational standards and providing more access to adult learning and training opportunities
	Environment	The need to protect and conserve our natural and built heritage.
	Young People	Services and facilities and support for vulnerable young people.
	Partnership working	Develop partnership working that is effective at both a strategic and an operational level. Recognise the voluntary sector as an equal and important partner.

3.3.3 The Partnership then decided to initially focus on four priorities. These include:-

Priority	Vision	Aim
Learning	Creating a partnership that	Developing learning opportunities

	seeks to engage the community in lifelong learning.	for people of all ages to support social and economic well-being.
--	-----------------------------------------------------	-------------------------------------------------------------------

A restored Shaw House will be a resource that helps to bring about that vision. Using the training and development activities of the Council itself to underpin the core operating costs of the new site ensures the sustainability of the project. However, the quantity and quality of the facilities available, and the sheer inspiration that can be gained from the setting, are sure to attract other organisations who seek venues to satisfy their own training needs. The cross sector co-operation already underway from the work of the Local Strategic Partnership will ensure that the house plays a full role in delivering these aims. Wider public access will also ensure that the term “life long learning” fully reflects the experiential learning opportunities that a heritage venue provides.

- 3.4 The business case for proceeding with this project is therefore based around.
- The opportunity to restore a heritage asset for which the Council has a statutory responsibility.
 - The need to provide permanent accommodation solutions for a number of core council activities.
 - The commitment of the council and its partners to engaging the whole community in life long learning.
 - The contribution that this project can make to the shared vision of all organisations in the West Berkshire Strategic Partnership.

“To ensure that people in West Berkshire are able to enjoy a high quality of life by having equal access to services, a safe and healthy environment to live in and prosperity through a range of meaningful work opportunities.”

4 What will this project achieve?

- 4.1 On completion, the restoration of Shaw House in the setting of its historic gardens will have reclaimed a heritage asset of national importance. It will have turned a disused and dilapidated property into a building that can be appreciated by many. In addition to an estimated 7,500 adults who will visit the house each year for business purposes, around 1800 school pupils will be provided with study opportunities based on the wealth of learning materials that are provided by the house and grounds themselves. This figure does not include the 1000 pupils and teachers who attend Trinity School and will therefore bring them into touch with the house and grounds on a daily basis.
- 4.2 The opening of the house and gardens as a visitor attraction for 116 days each year will significantly enhance the opportunity for the public to engage in enjoyment and learning about West Berkshire’s history. Shaw House will provide an opportunity for two of the key themes of that history to be explored to a much greater extent than at present. Newbury’s role in the medieval cloth industry and the English Civil War was nationally significant and has the potential to attract visitors from a wide catchment. In addition to these two themes, the interpretation strategy for the house and gardens allows for a much more extensive story to be told through a variety of media such as exhibitions,

publications, posters, multi-media and web-based products.

- 4.3 Ufton Court is a Grade 1 listed Tudor Manor House situated near the village of Ufton Nervett approximately 13 miles to the east of Newbury. The property is owned by the Englefield Estate Trust Corporation Limited and was initially leased to Reading Borough Council in the 1960's for use as a residential and non-residential outdoor and field study centre. It is now managed by on behalf of all six of the Berkshire Unitary Authorities by West Berkshire Council. The lease will terminate on 31st August 2009. The current terms of the lease place significant financial burdens on all six local authorities and representatives have indicated that they will be unwilling to extend beyond the termination date. Whilst it is not envisaged that Shaw House will provide residential education opportunities, it will provide a replacement location for key stage two field work related to the Tudor period.
- 4.4 As a venue for a relocated West Berkshire Teachers Centre, Shaw House will provide facilities that can accommodate many of the training events for which external venues are currently hired. Discussions with the South East Affiliated Centre of the National College for School Leadership has already identified Shaw House as a prestigious venue that should develop a reputation for excellence both locally and nationally. A briefing of the meeting held with SEAC is attached as appendix 1.
- 4.5 The use of the house in this way will also provide a solution to the problem of replacing the existing teachers centre buildings in 2006. The temporary classrooms currently in use are well beyond their expected useable lifespan and occupy the Fir Tree site only through the granting of a temporary planning approval.
- 4.6 Changes to the licensing of premises for wedding ceremonies has had a significant effect upon the demand for registry office weddings. Now that couples can marry at any licensed location, the trend is for civil marriages to take place at the same location as the wedding reception. The transfer of the marriage facilities from Peake House to Shaw House will release the former for disposal. This generates a capital receipt for the Council's wider capital programme. It will also facilitate a quantifiable service improvement for residents. It provides a location that is more attractive than the current building and with the potential for the wedding reception to take place in the adjoining function rooms.
- 4.7 The indoor facilities for Physical Education and School Sport at Trinity School are poor. The Sports Hall is nearly 30 years old and is a non-standard size. It is presented as a single indoor teaching space of three courts. Modern facilities provide a four-court hall that can be divided into two indoor teaching spaces. Three court halls also fail to provide the minimum overall dimensions to meet the technical requirements of sports such as netball. At the Trinity School, the second indoor teaching space is a wooden clad, flat roofed gymnasium of conventional one-court dimensions. The building is in an extremely poor state of repair with high maintenance and energy costs. As well as the deficiencies in the buildings, their location causes significant class management problems. In relation to each other, the sports hall, artificial turf pitch and grass pitches are positioned at the furthest extremities of the school campus. This project will provide a modern, fit for purpose, four court sports hall and changing rooms in the position that

the school itself has identified as providing the best location for class management and pupil safety.

5 Appraisal of capital investment requirements.

- 5.1 The capital investment needs of each individual element of this project can be identified separately. However, given all of the spatial, financial and functional constraints that have been highlighted by each group of stakeholders, it is important to recognise that no individual element can proceed in isolation from the rest of the project. All of the elements need to be delivered if the project is to achieve its aims.
- 5.2 Chartered quantity surveyors are working as part of the team of consultants appointed to undertake the technical development of this project. Their estimates have been forward inflated to reflect an anticipated start date for restoration in the third quarter of 2004. Their detailed report is reproduced as appendix 2.
- 5.3 The chartered surveyors commissioned to undertake the valuations for land acquisition and land disposal have supplied land valuations. Their detailed report is reproduced as appendix 3.

Element of Capital Works	Anticipated Capital Requirement
Expenditure already committed / incurred	
Works on site April 1998 – September 2003.	£139,679
Stage 1 application.	£55,321
Stage 2 application.	£557,678
Total Expenditure to Date	£752,678
Expenditure not yet committed.	
Restoration of House and Grounds	£6,425,500
Enabling works	£2,450,000
Professional Fees and Project Management	£566,000
Total for Capital Works	£10,194,178
Project Contingency at 5%	£509,709
Section 106 contribution to highways.	Unknown
Total Capital Requirement	£10,703,887

Note: **Site supervision and restoration project management is a part of the terms of appointment of Purcell, Miller and Triton. Amey West Berkshire undertakes the client co-ordination function on behalf of West Berkshire Council.*

- 5.4 The following table shows the confirmed and anticipated sources of funding to meet the investment requirements.

Resources Available at 30.09.03	
Accrued Deposits and Interest	£2,567,642
Stage one grant from HLF	£150,000
Total secured resources.	£2,717,642
Anticipated future receipts.	
Grants	£5,103,323
Land transactions	£3,350,000
Total future receipts	£8,453,323
Total Capital Resources Identified.	£11,170,965

- 5.5 Despite the validity of the work commissioned from the chartered surveyors, there are a number of factors that effect the basis for valuation. The capital receipt actually realised could fall within quite a wide range. The values used for the table are those from the valuation report which assumed open market disposal for housing development. Work will continue over the coming months to refine the basis for valuation. A more precise figure for the anticipated capital receipts and land acquisition costs will be available before any final decision needs to be taken on whether or not to proceed with the project.
- 5.6 The need to replace the school's physical education facilities will also be considered in the context of the annual education capital programme. Funding, or part funding, this particular aspect of the overall project from conventional sources could also contribute to the total available resources.
- 5.7 The application for grant to the Heritage Lottery Fund is now in excess of the indicative level of the stage one approval. This level of grant funding was calculated as being 70% of the cost of the eligible works contained within the project. However, the overall cost of the eligible works has now risen from the original calculations. 70% of this new figure would indicate that the stage two application should request that the HLF grant should increase their grant.
- 5.8 With a headline difference of £467,078 between the resources available and the anticipated overall project costs, there is scope for dealing with any highways requirements that might arise from the planning application. Whilst the green travel plan will be designed to minimise the impact of this development on peak traffic flows in the surrounding area, the actual works required cannot be identified until the transport impact assessment is complete. However, in addition to the 5% contingency allowance suggested by the quantity surveyors for the overall costs of restoration, the table listing the anticipated capital requirements also includes a further 5% contingency allowance on the overall project costs. Some £785,900 of the total project cost of £10,703,887 therefore relates to contingencies. This buffer is further protected by the fact that an allowance of 9% of the restoration and car park construction costs has been added to account for tender price inflation between now and the anticipated contract start in the third quarter of 2004.

- 5.9 The conclusion from this piece of work is that the overall cost of the project can be met from existing and anticipated resources. The risks associated with construction estimates, and valuations for land disposal and acquisition are considered in section 8.

6 Market testing and analysis of demand for use.

- 6.1 Shaw House is to be restored as a destination for heritage visitors, a professional training and development centre, an education resource for young people, and a venue for entertainment, celebratory and civic events. When completed the house will provide 9 meeting and conferencing rooms, an exhibition and education suite, a marriage room, office accommodation for education consultants, and a cafeteria and refreshment area.
- 6.2 The room capacities for meetings and conferences are shown in the following table.

Room Designation	Conference Capacity	Lecture Capacity	Seminar Capacity
F3			26
F6			15
F10	40	70	
F11			16
F12			18
G2	60	100	
G4			16
G15			8
G18			8
G19			15
	100	170	122

- 6.3 The future uses of Shaw House are built around the relocation of a number of existing services from locations that, for one reason or another, are no longer fit for purpose. Essentially these services are currently located at Ufton Court, Peake House and the West Berkshire Education Centre in the grounds of Fir Tree School. The level of business that is anticipated to transfer to Shaw House from each of these locations is set out below. These figures represent the activity levels for last full financial year of operation 2002-2003.

Heritage Visitors.

- 2 heritage events held at Ufton Court and attended by 3,300 visitors.

Training and Professional Development.

- 13 seminars and meetings held by West Berkshire Council at Ufton Court.
- A total of 745 separate courses held at the West Berkshire Education Centre.
- 6 organisations external to WBC regularly used meeting room space at the Education Centre. This included the Open University, Dental Nurse Training, NHS

for speech and language therapy.

School led educational visits by young people.

- 1680 pupils from 42 schools took part in day visits to Ufton Court in the last academic year.

Entertainment, celebratory and civic events.

- 17 wedding receptions held at Ufton Court with advance bookings for 13 in 2004.
- 13 other celebratory events held at Ufton Court.
- 223 civil wedding ceremonies held at Peake House.

6.4 61 courses organised by WBC education services could not be accommodated at the Education Centre. The centre was either fully booked or the number of delegates was expected to be beyond the maximum for the two lecture rooms. For each of these courses an external venue was hired.

6.5 The core business of Ufton Court is residential education courses for primary school pupils. The level of non-core activity that can be accommodated on this site is limited by the need to ensure pupil safety at all times. Demand for bookings for non-core activity exceed capacity at Ufton Court. Residential courses are not proposed for Shaw House.

6.6 When comparing the number and size of the rooms in the existing buildings that provide this range of services with the proposed layout for Shaw House, there will clearly be surplus capacity that can accommodate additional use.

Heritage visitors.

6.7 The Stage One application to the HLF proposed opening 112 days per year for heritage access purposes. Within the revised use schedule for the house, e.g. training, registrar services, offices and civic functions, opening hours for heritage visits will need to be carefully timetabled. At this stage it is anticipated that the minimum public opening hours will be;

All year round

School Groups	One weekday 10am-4pm
Group Visits	Same weekday 10am-9pm
General Visits	Saturdays 2pm-6pm
Sundays and Bank Holidays	10am-6pm

6.8 The Stage One bid estimated footfall at 30,000 per annum of which 30% are for cultural purposes including heritage, civic and community. On reflection, this estimate of 9000 people for heritage visits seems very low. For example, special event weekends organised by West Berkshire Museum attract 1000-2000 people. Working on the minimum opening times stated above, which equate to opening 116 days, a revised footfall figure for heritage visitors alone is almost 30,000.

6.9

Group visits on one weekday evening	26 weeks x 35 people	=910
Saturdays (half day opening)	40 weeks x 200 people	=8000
Sundays & Bank Holidays	50 weeks x 400 people	=20,000

Training and Professional Development.

6.10 Extra demand will be created as a result of the designation as a sub-regional hub for the National College for School Leadership and from the uptake of courses that are currently directed to external venues. It is also anticipated that there will be demand from other public sector agencies and from the private sector.

6.11 The house is to be restored in a way that will allow a number of totally unrelated groups to occupy the building at the same time. In building a business model for the commercial activity needed to fully fund Shaw House as a conference and training centre, Vantage Point, the consultants who wrote the feasibility study in 2000, made a number of assumptions that are still valid.

6.12 Space utilisation measures, anticipated fire limits, room sizes and housekeeping logistics are likely to limit the maximum number of delegates for a single event to no more than 100 people. A more likely scenario for use would be a number of smaller groups occupying a variety of rooms throughout the building. In this case the total occupancy would probably be slightly less, say four groups of twenty people. The existing business transferring from other locations is estimated to require 50% of that total capacity during term time.

6.13 Vantage Point suggested that Shaw House should position itself as a middle market location, competing on price as well as promoting the unique heritage setting in order to develop market share. In 2001, day delegate prices varied from £26 to £110 with a mid point of £56 plus V.A.T. However, their research suggested that a day delegate rate of £35 would pitch Shaw House at the appropriate market position.

6.14 Day delegate rates will normally include tea and coffee on arrival, tea and coffee at break times, and a meal. The assumption for the business model at Shaw House is that catering will be provided by external contractors and fully recharged to users. It may therefore be more appropriate to consider a range of room rental rates as the basis for charging. At the moment Ufton Court operates on a day delegate rate and provides catering. The West Berkshire Education Centre has a room rate and sources catering requests externally, adding an administration charge to the catering account. The rate currently charged by Ufton Court and the West Berkshire Education Centre is set out on the next page.

Ufton Court		West Berkshire Education Centre	
		Large Room (36 lecture style, 15-18 seminar)	
Day delegate	£25	Full day hire	£120
Half day delegate with Lunch	£15	Half day hire	£60
Half day delegate with tea/coffee	£5	Twilight session hire (4 – 6 pm)	£35
		Full evening large room hire	£60
		Small Room (Max. 10 people)	
		Full day small room hire	£30
		Half day small room hire	£20
		Twilight session small room hire	£15
		Full evening small room hire	£60
		Tea / Coffee per cup	£0.60
		Finger Buffet per person	£12.50

6.15 The most appropriate charging mechanism might actually be a combination of these approaches in order to offer the flexibility of approach that will maximise occupancy. For example charging the day delegate rate where specific catering requests are pre booked and a room rate where delegates make use of a franchised catering operation in the cafeteria. A potential scale of charges is set out below.

Room Designation	Capacity	Full day hire rate	Half day hire rate	Twilight hire rate	Evening hire rate
F3	26	£120	£60	£35	£60
F6	15	£120	£60	£35	£60
F10	70	£150	£75	£40	£75
F11	16	£120	£60	£35	£60
F12	18	£120	£60	£35	£60
G2	100	£200	£100	£60	£100
G4	16	£120	£60	£35	£60
G15	8	£30	£20	£15	£60
G18	8	£30	£20	£15	£60
G19	15	£120	£60	£35	£60
Full Occupancy	100	£1,130			
Tea & Coffee	£0.60 /cup				
Lunch	£12.50				
Day delegate	£25				
Half day delegate with Lunch		£15			
Half day delegate with tea/coffee		£5			

- 6.16 Taking this as a basis for forecasting anticipated income streams, the choice of charging mechanism makes very little difference. A 100 delegate conference having exclusive use of all of the meetings rooms would be charged £2,500 including coffee and tea on arrival, mid morning and afternoon refreshments, and lunch. The calculation of charges for those same delegates booking on a room-by-room basis and pay as you go for catering is set out below.

Room Hire	£1,130
100 people 3 cups of coffee/tea	£ 180
100 people lunch @ £12.50 / head	<u>£1,250</u>
	<u>£2,560</u>

- 6.17 The West Berkshire Education Centre and Ufton Court generate most of their course income on the 190 school days each year. Based on the charges given above, full uptake of all of these days at 100% occupancy, would result in a non-catering income stream of £237,500. However, 100% uptake coupled with 100% occupancy is totally unrealistic. Although the course records for the Education Centre do suggest that it is used on most days, an occupancy level of 50% of the available accommodation is more realistic. At this level of occupancy the annual non-catering income would be £118,000. The 2003-2004 budgets for the West Berkshire Education Centre and Ufton Court predict course income of £43,980. When added to the £43,428 spent by West Berkshire Council on hiring other commercial venues, a total spend of £87,408 per year gives a clear indication that 37% of the total capacity will be taken up by the Council's own activities.
- 6.18 An uptake of only 13% of capacity by the National College for School Leadership and other public sector organisations such as the Thames Valley Police, Newbury and District Primary Care Trust or the Berkshire Learning and Skills Council is the basis for the expectation that 50% of total capacity on school days will be taken by West Berkshire Council and partners.
- 6.19 At 50% occupancy, there is still capacity to accept commercial lettings over the whole of the year. However, on the 70 days of school holidays there is a particular opportunity to market the whole of the house without compromising core business. During these periods school run traffic is absent and the house and grounds will be particularly quiet. Unfortunately, from a marketing point of view, these periods also coincide with times when many employees of commercial organisations take family holidays. They are therefore less popular than might otherwise be supposed. Despite the off peak nature of these times, and the fact that overall programming will maximise the opportunities for heritage visitors in these periods, it would not be an unreasonable assumption to suggest that a minimum of 1 day per half term can be given over to major conferences.

School led educational visits by young people.

- 6.20 The potential business generated by school pupil visits to Shaw House is significant. This would arise from the transfer of most of the day visit business by schools to Ufton Court to Shaw House and the business that the house itself will attract. However,

although the interpretation area would be available for much of the time, there will be limitations on access to other areas of the building. The current estimated footfall from school pupils for pre-booked visits is based on the business occupying one day a week for 30 weeks.

School visits on one weekday 30 weeks x 60 pupils = 1800 pupils

Entertainment, celebratory and civic events.

- 6.21 Although no increase in the overall number of civil weddings has been planned, there is an expectation that the number of on site wedding receptions will be greater than the current level of business at Ufton Court. The financial impact of this growth will be dependent upon the way in which catering arrangements for the house are finalised. At this stage the preferred course of action is to enter into an appropriate agreement with an external caterer. There is the potential to seek a single catering contract for Shaw House and Trinity School based in the newly refurbished kitchens in the school.

7 Appraisal of annual operational costs and lifetime upkeep costs.

- 7.1 In March 2000, Vantage Point undertook an appraisal of the annual operating and lifetime upkeep costs for the restored building and grounds. Their estimate of total operating costs was £408,500 of which £185,000 was attributed to catering and hospitality. At that time it was anticipated that the majority of use of the building would come from commercial lettings for conferences and seminars. The high cost of catering and hospitality reflected the need to compete for this business in an already well established local market. At that time, the business plan assumed that the total operating costs would be fully recovered from charges for commercial lettings.
- 7.2 It is now anticipated that the transfer of existing budgets will cover the operating costs for those services that are to be relocated to the refurbished Shaw House. Catering and some other facilities management services will be undertaken as an extension of the contracts currently in place for Trinity School. Catering expenditure will be fully recharged to users and will therefore be at least cost neutral. The catering estimates have therefore been removed from the annual operating cost calculated by Vantage Point. This reduces their estimate to an annual figure of £223,500.
- 7.3 Of course West Berkshire Council is already responsible for the operation of a grade 1 listed property at Ufton Court. Whilst this is of a different construction, is slightly smaller, and offers a different programme of activity, our experiences over the last five years do give us some actual expenditure with which to compare the estimates suggested by Vantage Point.

	2003-04 Ufton Court Budget	Vantage Point Estimate for Shaw House
Total Employee Costs	£134,250	£121,500
Total Premises Expenses	£70,780	} £102,000
Total Supplies & Services	£67,960	}
	£272,990	£223,500

- 7.4 Whilst this simple comparison appears to give some comfort that an existing budget is already available to cover the operating costs at Shaw House, this would be a false assumption. The Ufton Court budget includes contributions from the other five Berkshire Unitary Authorities that will not be available at Shaw House. It also includes all of the income and expenditure attributable to the residential education programme that will not be replicated at Shaw House.
- 7.5 However, it is not only the activity at Ufton Court that will be relocated to Shaw House. The activities and budgets from the West Berkshire Education Centre and Peake House are also part of the package. The combined 2003 – 2004 budgets for each of these existing cost centres is reproduced on the next page. The detailed budget breakdown is reproduced as appendix 4 and a high level overview is given in the tables on the following pages.
- 7.6 Vantage Point also suggested that lifetime upkeep costs would amount to an annual contribution of £31,280 into a sinking fund that would ensure that all future repair liabilities could be fully financed over a fifty-year period. The lifetime projections produced by Vantage Point are set out in Appendix 5.
- 7.7 Whilst this method of making provision for future liabilities is not currently adopted in respect of the rest of the West Berkshire Council property portfolio, it is normal practise for the managers of many heritage properties. The Council undertakes planned and preventative maintenance by making an annual provision in the capital programme. The annual provision for Ufton Court is determined by the value of works identified in the quinquennial review. For 2003 – 2004 it amounts to £20,000.

Shaw House. West Berkshire Council. Heritage Lottery Fund

Detail Code	Description	Ufton Court Courses 90365	Ufton Court Weddings 90366	Ufton Court Seminars & Training 90367	Ufton Court Property 90368	Fir Tree Education Centre	Peake House	Total
	Employees	£134,250.00	£0.00	£0.00	£0.00	£48,410.00	£96,280.00	£278,940.00
	Premises Expenses	£43,530.00	£0.00	£0.00	£27,250.00	£5,340.00	£15,520.00	£91,640.00
	Supplies and Services	£52,550.00	£6,500.00	£0.00	£8,910.00	£19,950.00	£8,730.00	£95,390.00
	Transport & Leasing	£4,000.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,000.00
	Total Operating Expenditure	£234,330.00	£6,500.00	£0.00	£36,160.00	£73,700.00	£120,530.00	£469,970.00
	Fees & Charges	-£137,820.00	-£22,850.00	-£15,890.00	£0.00	-£64,420.00	-£134,980.00	-£375,960.00
	Contributions	-£37,500.00	£0.00	£0.00	-£29,530.00	£0.00	£0.00	-£67,030.00
	Total Income	-£175,320.00	-£22,850.00	-£15,890.00	-£29,530.00	-£64,420.00	-£134,980.00	-£442,990.00
	Net Operating Deficit							£26,980.00

Shaw House. West Berkshire Council. Heritage Lottery Fund

Detail Code	Description	Ufton Court Courses 90365	Ufton Court Weddings 90366	Ufton Court Seminars & Training 90367	Ufton Court Property 90368	Fir Tree Education Centre	Peake House	Total
	Employees	£134,250.00	£0.00	£0.00	£0.00	£48,410.00	£96,280.00	£278,940.00
	Premises Expenses	£43,530.00	£0.00	£0.00	£22,250.00	£5,340.00	£13,860.00	£84,980.00
	Supplies and Services	£24,780.00	£1,200.00	£0.00	£0.00	£9,490.00	£8,730.00	£42,950.00
	Transport & Leasing	£4,000.00	£0.00	£0.00	£0.00	£0.00	£0.00	£4,000.00
	Total Operating Expenditure	£206,560.00	£1,200.00	£0.00	£22,250.00	£63,240.00	£118,870.00	£410,870.00
	Total Earned Income	-£16,880.00	-£22,850.00	-£15,890.00	£0.00	-£42,040.00	-£134,980.00	-£232,640.00
	Operational Shortfall							£178,230.00
	Existing budget contribution							£26,980.00
	Existing spend on other venue hire							£43,428.00
	Charges to other public sector users.							£30,875.00
	6 Major Conferences							£15,000.00
	Admission Fees to Heritage Visitors							£30,000.00
	Catering Income.							£20,000.00
	Merchandising							£5,000.00
	Existing Insurance premiums							£2,950.00
	Premises costs for Ed. Consultants							£5,000.00
	Total for revenue streams .							£179,233.00

8 Risk Analysis.

- 8.1 As with the business case, the risk analysis has been undertaken at different levels. The first section considers the strengths, weaknesses and financial implications of each potential alternative course of action. The later part of the analysis concentrates on the risks associated with proceeding with the preferred option.
- 8.2 The first alternative for consideration would be to mothball Shaw House. Maintenance and security measures would need to be undertaken that protects the structure against further dilapidation. Although this may meet the conditions of the BCC dowry, it is likely that it would allow Vodafone to reclaim their £1M contribution and would certainly impact on any future applications to the HLF. Provided the BCC contribution can be retained, it could be used to meet the estimated annual costs of this option. However, estimating these annual costs is very difficult. Many parts of the structure are in poor condition and in a building of this size, age and condition, these areas will incur major costs between now and when the building is fully restored and put back into use.
- 8.2.1 The cost of immediate repairs has not been included in the brief of the quantity surveyor. However, it is likely that they will exceed £500,000 over the next two years. Furthermore, if the building is mothballed a new management structure for its monitoring by the Council's property services would need to be implemented. The present system of monitoring the condition of the building is judged to be inadequate against the standards expected by English Heritage. English Heritage is aware of the value of the internal fixtures and fittings and their loss would be viewed as criminally negligent.

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
Do nothing	<ul style="list-style-type: none"> • Low capital / revenue expenditure. • Low / no business and usage risks 	<ul style="list-style-type: none"> • Further deterioration of a Grade I Listed building on the "at risk" register. • Remains empty, and unfit for public access. • Demonstrates a lack of commitment to public heritage by Council. • Policy u-turn on corporate and member commitments to Shaw House and its heritage. • £1m endowment distributed back amongst the 6 Berks unitary authorities. • £1m from Vodafone withdrawn. • English Heritage can take action to ensure protection of asset. • High financial cost for no service improvement. 	Option rejected

8.2.2 There are also other costs in not proceeding. The requirement to meet the accommodation needs of statutory services that would otherwise have been housed in the refurbished Shaw House will remain. Although replacement of all of the schools physical education facilities is not an immediate issue, the gymnasium will need to be replaced within the next five years. Replacement of the West Berkshire Teachers Centre is required within the lifetime of the current temporary planning permission. The estimated costs set out below would need to come from the Councils own capital programme. They vary depending on whether a disposal of the house and grounds is sought or whether the house continues to be mothballed and therefore remains as a future liability.

• Stabilisation repairs and maintenance of Shaw House.	£0.5 million
• Replacement of Sports Facilities at Trinity School. (assuming no land acquisition)	£1.5 million
• Development on new Teachers Centre. (assuming no land acquisition)	£0.5 million
• Identification and purchase of new location for civil marriage (Council could offer a marriage room in Market Street Offices) (Failure to replace does result in service reduction)	£0
Total	£2.5 million

8.3 The second option that has been actively considered is disposal of the site on the open market.

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
Sell for corporate or private use.	<ul style="list-style-type: none"> • WBC might receive a capital sum. • Transfer of responsibility and risk to another party . 	<ul style="list-style-type: none"> • Missed opportunities for public access to the heritage. • Policy u-turn on corporate and Member commitments to Shaw House and its heritage. • £1m endowment distributed back amongst the 6 Berks unitary authorities. • £1m from Vodafone withdrawn. • Proximity to school, condition and Listed status reduces its attraction as a private investment. • Usage probably not so sympathetic to its neighbour, Trinity School. 	Option rejected

8.3.1 The prospects for a disposal have already been described as poor. The heritage importance of the site is both the house and its gardens. Any sale will therefore need to include the entire area to the east of the house. This would reduce the total area of

the grounds available for use by the school to a level below the DfES guidelines. In addition to the costs already identified in the do nothing option, land to replace this loss of amenity space would need to be purchased for use by Trinity School.

- Costs previous identified for do nothing option. £2.0 million
 - Dowry for disposal (assume minimum valuation) £1.0 million
 - Acquisition of replacement social areas for Trinity School £1.5 million
- £4.5 million

8.3.2 It might be possible to proceed with this project on the basis that West Berkshire Council could establish some form of Charitable Trust to manage the facility once restoration is complete. Whilst it does have some attractions, the business plan that was developed for this option was rejected by the Heritage Lottery Fund as too reliant on achieving an unrealistic market share of the commercial seminar and conference market.

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
<p>Lifelong Learning Centre.</p> <p>Asset managed by an independent Trust.</p>	<ul style="list-style-type: none"> • Recommended by initial feasibility study • Provides lifelong learning with a high profile landmark as its headquarters. • Excellent location with no similar dedicated lifelong learning centre within 25 miles. • £1m endowment can be used. • Vodafone £1m can be used. • Eligible for Heritage Lottery & English Heritage involvement. • Revenue funding sources currently exist for lifelong learning initiatives. • Usage has business income : conferencing, training, public and private hires, • Usage empathetic to neighbouring Trinity School. • Charitable / public ownership guarantees care of heritage building and public access / usage. • Develop a professional lifelong learning service for the District. • Provide managed access to the house for the public and actively promote interpretation of heritage. 	<ul style="list-style-type: none"> • Income and usage projections by consultants may be conjectural and overly optimistic - not based upon known business. • Consultants recommendation to form a strong Trust body independent of the Council to manage the asset may be hard to achieve. • All capital projects carry some risk. • All new businesses carry some risk and take time to establish and stabilise. • Usage will encourage visitors who will need to travel there and park. • Loss of control of the way in which the site is used. • Possible service disruption if facilities are made unavailable by Trustees. 	<p>Option rejected as it fails to meet all of the criteria agreed by stakeholders.</p>

8.3.3 The preferred option is for West Berkshire Council to develop and operate this facility to support its own core functions, to encourage lifelong learning in the West Berkshire Community, and to make access to and understanding of the significance of this heritage property available to all.

Option	Strengths & Opportunities	Weaknesses & Threats	Conclusion
<p>Council owned and managed facility for heritage activity, education and training, professional development, for West Berkshire employees and the wider community</p>	<ul style="list-style-type: none"> • Based upon known usage and financial information from existing Council services transferred in to operate as core business at Shaw House. • Existing Council budget support for these services re-deployed to Shaw House. • Established need and usage patterns for these services by the local population. • Council is a publicly accountable local authority responsible for management and maintenance of the heritage asset for the people of West Berkshire. • Member support for plan from the two political groups which make up the Council (Political make-up is Liberal Democrat and Conservative) • £1m endowment can be used. • Vodafone £1m can be used. • Eligible for Heritage Lottery & English Heritage involvement. • Usage has business income : letting to training and other local organisations; conferencing, public, community and private hires. • Usage empathetic to neighbouring Trinity School. • Council's Heritage Services provide managed access to the house for the public and actively promote interpretation of heritage. • Likely legislative change is in the direction or increased multi-agency training and development to support the integrated children's agenda. 	<ul style="list-style-type: none"> • Future local government reorganisation may change Council responsibilities and core funding. • All capital projects carry some risk. • Usage will encourage visitors who will need to travel there and park. 	<p>Project Board Recommend this Option.</p>

- 8.4 The risks associated with proceeding with the course of action recommended by the Project Management Board can be categorised as risk to reputation, risk of failure to provide services and financial risk.

Risk to Reputation.

- 8.5 West Berkshire Council is the planning authority for the West Berkshire District and takes enforcement action against those who breach planning law. The Council must adopt rigorous standards in determining planning issues that arise from the applications made to support the business activities of its own service areas. In the case of the restoration of Shaw House and the surrounding gardens, there is a need to balance the benefits of restoration of a nationally significant heritage asset against the exceptions to planning policy that will be required in order to secure the enabling developments.
- 8.6 An outcome that falls short of delivering the full restoration of this property also likely to risk attracting criticism. The combination of the opportunity to attract significant external funding for this project and the agreement of all key stakeholders that the proposed solutions to land use meet all of the key criteria means that there is unlikely to be a better opportunity to move this project forward. To decide not to proceed with the stage 2 application, without clearly identifying insurmountable barriers, would cast doubt on the ability of the Council to undertake any future projects of this scale and complexity.
- 8.7 The Council's reputation for financial prudence also needs to be considered. Whilst the total value of this project is large, so too are some of the costs of not proceeding with a stage 2 application. Clearly, it would be wrong to move this project forward if the budget implications compromise the Council's future financial health. On the other hand, spending resources on a mothballing type solution merely adds cost to the council's budgets without any gains in service improvement.

Risk of Failure.

- 8.8 At this stage, the only risk of failure is that the Heritage Lottery Fund might turn down the application for grant support. Whilst there are a number of reasons why this outcome might come about, the vast majority are outside of the control of West Berkshire Council. Even if the application were deemed to be inadequate in content, the more likely outcome would be a request to supply more information, rather than an outright rejection. The risk of failure is real, it does mean that a fall back position would need to be considered, but it is not a reason for failing to submit the stage 2 application.

Financial Risk.

- 8.9 Submitting the stage 2 application carries little significant financial risk. The consultants appointed to undertake the feasibility investigations into the restoration works themselves will continue working to the point at which tender specifications are complete. If the project does not proceed beyond that point, then further expenditure will have been incurred. At that point however, all of the stage one expenditure will need to be accounted for. Whether restoration proceeds in six months, six years or at some longer time in the future, all of the archaeological investigations, survey and design works will be complete. It will not need to be repeated. Some of the contribution from

Berkshire County Council and the stage one grant from HLF will have been expended on the purpose for which it was given, the restoration of Shaw House. These preliminary costs should not therefore become a charge against West Berkshire Council's own resources.

- 8.10 Finally, the risk of poor land valuations and inaccurate estimates for building works should be considered. This is a potential risk only if HLF agree the stage two application and the Council decides to proceed to contract. The impact of higher than expected construction costs and / or lower than anticipated capital receipts could have a significant impact on the capital costs of this project. The intention has always been to minimise these risks.
- 8.11 The quantity surveyors construction estimates already contain significant buffers in the form of a design / measurement contingency and an allowance for tender price inflation and inflation during the construction period. A further client's contingency has been added and calculated as a percentage of the overall project cost. The estimates are all prime costs with no provisional sums. The stage two application investigations have identified some limited use of asbestos in the boiler room and this will be removed before the main contractors are appointed. The asbestos survey has revealed no further evidence of potential problem areas.
- 8.12 The earlier section on the valuations for land disposals and acquisitions has already drawn attention to the need for additional work to be completed to provide some precision in this area of the overall project budget. Whatever, the eventual valuations, the real evidence will come in the form of the actual receipts and payments that are agreed. It will be possible for these negotiations to have been agreed in principle prior to a final decision being made on engaging restoration contractors.

Appendices

(Please note that the following Appendices are not contained in this report as they contain exempt information. Members of West Berkshire Council who wish to exam this information can do so through the contact officer named in the covering report.)

Appendix 1 – Briefing note of meeting held about sub regional hub of National College for School Leadership.

Appendix 2 – Quantity Surveyors report.

Appendix 3 – Chartered Surveyors estimates.

Appendix 4 – Detailed budget breakdown of transferring services.

Appendix 5 – Lifetime upkeep costs.