

Report subject	Our Museum: Poole Museum Estate Redevelopment Programme
Meeting date	25 May 2022
Status	Public Report
Executive summary	<ol style="list-style-type: none"> 1. Poole Museum is undertaking a £7.7m redevelopment programme delivering capital improvements at the three historic buildings of the Museum Estate: Grade II listed Oakley's Mill, and the Grade I listed medieval buildings the Wool Hall and Scaplen's Court, as well as a programme of creative, cultural activity that will build and broaden audiences for the Museum. 2. Poole Museum has successfully secured £4.4m third-party funds from three major public funds: an NLHF project grant, a Historic England High Street Heritage Action Zone (HSHAZ) grant, and the Public Sector Decarbonisation Scheme (Salix). Additionally, third-party funding has been secured from a range of national and local trusts and foundations (including Garfield Weston and the Fine Family Foundation). 3. BCP's contribution to date is £2.15m including: existing borrowing of £1.023m Prudential Borrowing (approved June 2021); the balance of £1.120m approved third-party partnership fundraising underwritten by borrowing of £645,000 (£475,000 already secured); and a £455,000 contribution has been made to date from CIL/S106. 4. Costs have increased across the scheme as a result of a number of factors, but these include scope increase and national pressures on construction projects as a result of Covid and Brexit. 5. This has resulted in a funding gap of £1.4m and accordingly, approval is now sought for acceptance of a grant from Historic England, additional Prudential Borrowing, and a further contribution from CIL.

Recommendations	<p>It is RECOMMENDED that:</p> <p>Cabinet recommends to Council that:</p> <p>It approves an increase in the capital budget of up to £1.41m for the Poole Museum Programme which is to be funded by</p> <p>(a) Grant income of £0.23m from Historic England</p> <p>(b) CIL funding of £0.5m</p> <p>(c) Prudential Borrowing of £0.69m</p>
Reason for recommendations	To facilitate funding of the 'Our Museum' project that will deliver strongly on the Big Plan aim to rejuvenate Poole, with investment revitalising the Lower High Street in the Old Town and Poole Quay. The scheme is a significant investment in heritage, transforming Poole Museum into a major attraction and cultural and community hub. BCP has declared a climate emergency, and capital works as part of the scheme will reduce the Museum's carbon footprint by 25%.
Portfolio Holder(s):	Councillor Beverley Dunlop, Portfolio Holder for Culture and Vibrant Places
Corporate Director	Jess Gibbons, Chief Operations Officer
Report Authors	Alison Smith, Project Manager
Wards	Poole Town;
Classification	For Recommendation

Background

1. Poole Museum is undertaking a £7.7m capital redevelopment programme that will deliver a major place-shaping BCP project for the public on Poole Quay by April 2024.
2. There are four main projects within the programme:
 - a. Our Museum: with lead funding from the National Lottery Heritage Fund (NLHF). Planning and listed building consents have been secured. Design work to RIBA stage-4 is underway, works will be tendered in autumn 2022, with construction scheduled for 2023 and reopening Easter 2024.
 - b. Scaplen's Court: with lead funding from Historic England (HE) as part of the High Street Heritage Action Zone (HSHAZ). Planning and listed building consents will be submitted in May 2022, design work to RIBA stage-4 is underway, with works running to the same tender, construction and reopening as the Our Museum project. Some preliminary works are on site to address

elements of conservation work and repair work to stone and brick work walls and roofs.

- c. Temporary Exhibition Gallery: a new temporary exhibition gallery re-purposes former office and café space within Oakley's Mill to provide a high-specification, flexible and environmentally controlled space for major exhibitions. The gallery strategy was developed after the NLHF project scope was agreed at Round 1 and cannot be included as part of the Our Museum project. Delivery of the gallery is to the same programme as the Our Museum project and Scaplen's Court. The temporary gallery is a significant part of the Museum's commercial strategy with the introduction of ticketed exhibitions.
 - d. Public Sector Decarbonisation Scheme (Salix): 100% funded by the Department for Business, Energy and Industrial Strategy (BEIS) to improve the environmental sustainability of the Wool Hall and Oakley's Mill with insulation, secondary glazing, and the introduction of solar PV. The Salix capital works have been tendered and work starts on site 9 May 2022 and will complete December 2022.
3. The fifth project in the programme, improvements to the Public Realm between Oakley's Mill and Scaplen's Court was fully funded by HE and Poole Bid (£150,000), has now completed.
4. The redevelopment programme will:
- i. Conserve, restore, and open-up the at-risk Grade I listed Wool Hall – revealing and interpreting one of Europe's most significant medieval commercial buildings for the public for the first time. The Wool Hall will house one of the three new maritime galleries;
 - ii. Conserve and open up Grade I listed Scaplen's Court to the public year-round as part of the Museum visit for the first time. At present the building is only open to the public for one month per year, yet around 25,000 people visit during this time. The introduction of a lift, the provision of level access throughout, and increased occupancy rates will mean more people can enjoy the building more of the time.
 - iii. Provide significantly improved facilities at Scaplen's Court, including a new retail offer, new café and catering kitchen, and a larger public events space that will enable a step-change in commercial activity, significantly increasing revenue generation from weddings, café events, and hires;
 - iv. Across the Museum Estate improve inclusivity, welcome, and accessibility; provide more and better visitor facilities and an improved retail offer, increasing dwell time and secondary spend;
 - v. Co-create three major new permanent galleries showcasing Poole's internationally significant Maritime collections;
 - vi. Deliver a new flexible, controlled temporary exhibition gallery to enable a step-change in the scale and ambition of cultural programming with loans/touring exhibitions from national lenders (such as the V&A or the British Museum);
 - vii. Provide more opportunities for more and a wider range of people to participate in culture, learn, play, gain skills, improve wellbeing, and bolster social connectedness.

5. This has been made possible by a unique opportunity of three concurrent capital funding programmes: NLFH's 'up to £5m grant programme', HE's HSHAZ programme, and Salix. Poole Museum was successful in securing a £2.24m contribution from NLHF in December 2021, and £0.6m to date from the High Street Heritage Action Zone. A grant of £1.13m was secured from Salix in February 2021.
6. The concurrent streams of third-party funding has enabled a holistic approach to the redevelopment, tackling the works as a single capital project that addresses the majority of the ambition in the Museum's Masterplan (2017). In particular, the opportunity to relocate revenue generating catering and events to Scaplen's Court that will enable the Museum to realise a significant uplift in net income by maximising the opening times and public access.
7. The Museum Estate includes the only two Grade I listed medieval buildings in the Old Town, they are nationally significant and much loved by the local community. Considerable public support and excitement has built up around the redevelopment proposals, and over 3,800 people have already participated in shaping the plans. The Museum's new galleries and displays will be 'co-created' with our local community, in particular residents in the hyper-local Old Town and Quay, to tell a shared history of Maritime Poole.
8. The redevelopment programme will provide the structure and resources for a shift in how Poole Museum connects with and engages the local community and cares for its collections, buildings, and resources. Capital work will extend the life of the historic buildings by 50-years+, addressing urgent management and maintenance issues, restoring and conserving and giving new life to 'at risk' heritage buildings for generations to come. Work will conserve, restore and transform the Museum's spaces, facilities and displays, bringing about a step-change in provision of community facilities, opening-up historic assets to double the amount of space accessible to local residents and visitors – a focus on accessibility and inclusion will provide a welcome for all.
9. The redevelopment programme will deliver a rebalanced Service with a strong commercial team making the most of the unique heritage assets, generating significantly increased revenue from catering, venue hires, functions, events, donations, and fundraising.
10. The project will result in more tourism visits to the local area and increase footfall year-round in the Lower High Street and Quay, this will boost the Museum's impact on the local economy from £7.8m to an anticipated £10.6m.
11. The redevelopment will shift Poole Museum from a town-scale to regional-scale museum, with a transformed 'Museum Estate' as a major, place-shaping, cultural anchor and community hub as a catalyst for a rejuvenated Poole 'Quay Quarter'.
12. The redevelopment programme delivers on the Big Plan objective to rejuvenate Poole and the Heart of Poole aspirations, it will improve the local economy and make the museum more financially and environmentally sustainable as well as supporting national and regional priorities, including health and wellbeing.
13. In the wider context of Culture and the Cultural Compact, the redevelopment will deliver on the Cultural Enquiry recommendations for talent, infrastructure, and quality of place and will provide new opportunities for under-represented and under-served communities and groups to participate in and co-curate their culture and heritage.

14. Situated at the intersection of the Lower High Street and Quay, the Museum will be an outstanding cultural centre and an anchor for the rejuvenation of Poole Quay shaped around Poole's Maritime heritage.
15. Design work and specialist surveys were carried out by the appointed professional design team during RIBA stage-2 from Oct 2020 to March 2021. Anticipated cost increases from feasibility studies carried out in 2019-19 were better understood as a result of this work and Council approved an initial increase in Prudential Borrowing in June 2021 (see background papers). By August 2022 as RIBA-3 designs were finalised the following areas were where further increases in costs arose across the redevelopment programme:
 - i. providing level (horizontal) access throughout to ensure all our community and visitors can safely and comfortably access the building. The ground floor of the Museum Estate and first floor of Scaplen's Court have dramatic level changes and are sensitive historic spaces. A range of works are required in close consultation with the Conservation Officer including adjusting historic floor levels, doors and thresholds, and provision of ramps and hard landscaping.
 - ii. provision of vertical access by way of new lifts. In Scaplen's Court the lift is required to be externally fitted in the courtyard, and both vertical travel distance necessary and material grade suitable for coastal marine environments are costly areas of uplift. In Oakley's Mill a new modern lift will entail the demolition and rebuilding of the lift shaft, and in consultation with access reference groups the scope has been altered to include a fire evacuation standard lift.
 - iii. additional scope in respect of the backlog of essential preventative maintenance, urgent conservation, and urgent running repairs, in particular roofs and rainwater goods, electrical power distribution and wiring, redecoration and repairs on wooden shutters of Oakley's Mill (5 floors), and addressing deterioration of stone and brickwork walls (internally and externally) which is extreme in cases
 - iv. additional scope in order to meet fire regulations, in particular in respect of doubling occupancy in Scaplen's Court from 60 to 120 requires the installation of a secondary means of escape from the first floor, and level egress at the front and rear of the building;
 - v. additional scope in respect of mechanical and electrical costs, in particular environmental controls that meet both visitor comfort and conservation needs of historic buildings and collections;
 - vi. additional scope to include Temporary Exhibitions Gallery to deliver a step-change in cultural programming;
 - vii. increased inflation and contingency budget allowance to mitigate against national market uncertainty and rapid inflation as a result of Brexit and COVID-19.
16. Approval is now sought for acceptance of a grant from Historic England, for additional Prudential Borrowing, and a further contribution from CIL to meet these areas of increased cost. In respect of CIL, Financial Services have confirmed there is sufficient CIL available to support the proposed allocation of £0.5m.

17. Table 1 sets out the funding of the approved capital programme and the additional funding requirements.

Table 1: Additional funding requirements

	<u>NLHF Museum Project</u>	<u>HS HAZ Scaplen's Court</u>	<u>Temp Exhibition Gallery</u>	<u>Salix</u>	<u>Totals</u>
Funding of Approved Capital Programme					
Historic England		372,064			372,064
CIL	200,000	75,087			275,087
S106		164,000			164,000
Heritage Funding	2,240,000				2,240,000
Prudential Borrowing	793,000	180,000	50,000		1,023,000
Third Party Fundraising (underwritten by prudential borrowing)	1,120,000				1,120,000
Revenue contribution	25,000				25,000
SALIX funding				1,129,000	1,129,000
Current Approved Capital Programme	4,378,000	791,151	50,000	1,129,000	6,348,151
Additional funding requirements	-	803,727	478,717	132,000	1,414,444
Historic England (secured February 2022)		225,495			225,495
CIL (Futures Board Feb 2022)		500,000			500,000
Prudential Borrowing (Futures Board Feb 2022)		78,232	478,717	132,000	688,949
Totals	4,378,000	1,594,878	528,717	1,261,000	7,762,595

18. Third party fundraising of £1.12m was underwritten by Prudential Borrowing and of this the Service has since managed to secure £0.475m from their fundraising activities. Approval by Cabinet from this meeting, of an additional Prudential Borrowing request of £0.689m (as per Table 1 above) together with already approved borrowing of £1.02m and balance from third party fundraising still to be secured of £0.645m would bring total Prudential Borrowing for the Poole Museum programme to £2.357m as at the time of this report.

Governance and management arrangements

19. All projects within the Redevelopment Programme are being managed centrally by a single design and project team. Key appointments in this team include: ZMMA (architects and exhibition designers), Framptons Project Solutions (Principal Designer/CDM), PT Projects (cost consultants, contract administrators, and external project management), Max Fordham (MEP Engineers), Morton Partnership (Civil and Structural Engineering), Access Matters (Access Consultants).
20. A Project Board is chaired by the SRO, the Service Director Destination and Culture. The Board is attended by Planning and Financial Services.
21. Programme: some capital works are already on site, but the Museum will be closed during 2023 and early 2024. Reopening is scheduled for Easter 2024.
22. During the closure of the Museum a 'pop up' facility will maintain a presence on the Quay ensuring the continued operation of the TIC with a café and retail operation making a contribution to the MTFP. 'Museum on the Road' funded by Poole Museum Foundation will take the museum out into the community engaging with around 3,500 people in community during the closure period.

23. Procurement will be a traditional building contract, it will follow BCP Financial Regulations and will be managed by Strategic Procurement.
24. A risk register for the capital programme is managed by the project team with oversight from the project board. Non-construction risks are managed by the museum management team with oversight from the project board.

Summary of financial implications

25. Current estimated capital outlay on the redevelopment programme of Poole Museum is c. £7.7m until all the planned works are tendered. There is a risk that costs may continue to rise from the current estimates and will require additional capital funding to be requested to complete the project in the future. A clear plan is in place of which the robustness of which has been approved by Financial Services and endorsed by senior management.
26. The additional financing requirements of £1.4m shown above in Table 1 requires the use of Prudential Borrowing of £0.689m. At a rate of 3% low risk Invest to Save framework and over 25 years, the additional annual borrowing repayments are expected to be £40,000. This brings the current total annual borrowing repayment costs from the programme (based on Prudential Borrowing of £2.357m) to £0.135m.
27. The Service have demonstrated by way of a financial model and proved by Financial Services that they can afford repayment of the borrowing costs from the anticipated additional borrowing through net additional income projected from the investment.
28. Repayment of the borrowing costs were tested in the model at both 3% and 5% interest rates and could be covered by the projected income streams.
29. As a result of the re-development there has been an increase in visitors (170-180k pre-development) to 225k and still anticipating that these numbers will continue to rise in the future. This increase in the visitations will have a direct positive impact on income expected by the Service from the following sources (not limited to the below):
 - a. Donations - significant increase in donations as a result of increased visitor numbers and higher donation per head (improved contactless donations, more opportunities and clear reasons to donate, corporate donations and sponsorship opportunities formalised and promoted.
 - b. Catering – Moving the café to ground floor and making it accessible and providing street frontage for takeaways (from 16 covers to 50+), installation of a new commercial kitchen will enable the Service to significantly extend their offers for catering for events and weddings. Consequently expecting an increase in spend per head from conversion of museum visitors to cafe visitors (and vice versa).
 - c. Weddings and Hires - a step change in the offer, a greater number of hire days and wedding days on offer
30. Surplus income expected by the Service after repayment of borrowing costs for the first year is c.£40k (2024/25) and increasing as the above is realised.

31. There is an inherent risk which the Service recognise that there currently is volatility with the indicative income streams forecasted in the financial model. However, they can confirm that there will be no further additional costs to the MTFP from delivery of the programme.
32. Opportunities to raise additional third-party funding are being pursued by the project fundraising committee. Opportunities for value engineering will be sought throughout RIBA-4 design stages (April – Sept 22). Both of which will reduce the reliance on additional borrowing.

Summary of legal implications

33. The recommendations made in this report are that Cabinet approves that the following measures be recommended to full council:

an increase in the capital budget of up to £1.41m for the Poole Museum Programme which is to be funded by:
 - (a) Grant income of £0.23m from Historic England
 - (b) CIL funding of £0.5m
 - (c) Prudential Borrowing of £0.69m towards the Poole Museum Estate Redevelopment Programme
34. The Community Infrastructure Levy (CIL) scheme was established by the Planning Act 2008. CIL is a charge which can be levied by local authorities on new development in their area to help with delivery of infrastructure needed to support development in their areas. The three legacy Councils each adopted a CIL Charging Schedule, all of which remain in operation by BCP Council to collect monies from development to fund infrastructure. The Charging Schedules are published on the BCP Council website.
35. s206(1) of the Act provides that a charging authority may charge CIL in respect of development of land in its area. s216 of the Planning Act 2008 and Regulation 59 of the Community Infrastructure Levy Regulations 2010 provide that CIL regulations are to require authorities to apply CIL to supporting development by funding the provision, improvement, replacement, operation or maintenance of infrastructure. S216(2) of the Act defines “infrastructure” as including sporting and recreational facilities. The proposed works would qualify as infrastructure works to a recreational facility and are entitled to attract CIL support.
36. With regard to the prudential borrowing recommendation, BCP has a general power of competence under the Localism Act 2011 to do anything that individuals may generally do and a power to borrow under s1 of the Local Government Act 2003 the power to borrow is however subject to compliance with the Prudential Framework, which comprises the CIPFA Prudential Code and the CIPFA Treasury Management Code as well as Statutory Guidance on Local Government Investments (3rd Edition) issued under s15(1)(a) Local Government Act 2003 and Statutory Guidance on Minimum Revenue Provision issued under section 21(1A) Local Government Act 2003.
37. It is a condition of NLHF funding that BCP accepts a restriction on its Land Registry title. This requires consent from NLHF’s trustees (at their discretion) to any disposal.

In practice, this would limit BCP's powers of disposal to leases of seven years or less while the grant conditions are in force (the grant period ends on 30 September 2044).

38. Under paragraph 9 of Part B of Part 5 of the Constitution (Financial Regulations) the Chief Finance Officer is responsible for the proper administration of the Council's financial affairs including (amongst other matters) all arrangements concerning financial planning, income, debt management, investments and borrowing, and under paragraph 9 of Part C of Part 5 of the Constitution the Chief Finance Officer is responsible for ensuring that all schemes relying on the use of prudential borrowing powers are properly appraised and provide value for money. The CFO has confirmed his satisfaction with the recommendations regarding CIL and prudential borrowing and acceptance of the Historic England grant.
39. Under Article 7 of Part 2 of the Constitution, Cabinet has the power to take decisions for the Council apart from decisions about major policy issues or which only Full Council or other Committees and the power to carry out all functions of the Council which are not by law the responsibility of another part of the Council. As the increase in the capital programme proposed by these decisions is over £1,000,000 in total the Constitution requires that the decisions be taken by Full Council.
40. Finally, under Article 12 of Part 2 of the BCP Constitution key decisions are ones that are likely to either (i) result in the Council (on its own or in partnership with other organisations) spend or save £500,000 or more or (ii) to have a significant impact or effect on two or more electoral wards. The proposed works associated with these recommendations will meet either or both of these criteria and the decisions are therefore key decisions and have been included in the Cabinet Forward Plan.

Summary of human resources implications

41. The redevelopment programme will require Museum staff to work in different ways during the closure including with Museum on the Road and the Pop-up Museum, and also following reopening to meet visitor needs and support income generation in new ways. It is expected that this will entail redefinition of some roles and structures during 2022/23.

Summary of sustainability impact

42. BCP has declared a climate emergency, and capital works as part of the scheme will reduce the Museum's carbon footprint by 25%.
43. An SDIA has been completed and positive impacts were identified for each theme.
44. The Sustainability Decision Impact for this report is No. 130, and the DIA assessment is Low Impact.
45. The NLHF grant conditions include a commitment to carry out an identified maintenance and care plan to ensure that the investment is protected and sustained. This has been incorporated into the Museum's forward Business Plan.

Summary of public health implications

46. Positive social outcomes for the wellbeing of the population are at the heart of these recommendations. The health and wellbeing benefits from participation in heritage and cultural activity are well-recognised and evidenced, in particular for individuals and groups who are underrepresented, isolated, or experiencing deprivation as these are often the least well served by cultural organisations.

47. The redevelopment programme will broaden Poole Museum's engagement with underserved audiences, including families and audiences 65+ with prior low engagement with heritage, people for lower socioeconomic backgrounds, and older people living locally in care homes and sheltered housing provision, those experiencing loneliness and social isolation, those with long term health conditions and disabilities, and school children attending schools with high Pupil Premium numbers.
48. Improving wellbeing is a mandatory outcome of funding from NLHF.

Summary of equality implications

49. An EIA has been completed for the project and revealed neutral or positive impacts as a result of the proposed changes.

Summary of risk assessment

50. Were the programme not to secure full funding, it would not be possible to proceed with a significantly reduced scheme. The whole scheme is required to deliver full benefits. The risks of not proceeding with the full scheme include:
- i. Risk of reputational damage: with major national funders and local funders who have committed to support BCP open-up and provide access to and care for significant historic buildings, and with members of the local community who have been involved in detailed consultation.
 - ii. Compromise financial viability by reducing the quantity and quality of facilities for generating significantly increased visitation and revenue. These commercial opportunities enabled by the scheme currently support the prudential borrowing.
 - iii. Elements of capital works delayed to be undertaken at a later date when funding was available, would need to be phased for post-2024. This represents poor value for money as design work would need to be re-done at additional expense, and economies of scale would be lost, for example paying contractor's preliminaries twice. There would also be considerable inflation cost penalties. Additionally, it would be further disruption to the service already impacted by Covid and closures for capital works in 2023.
 - iv. Failure to deliver the whole scheme would significantly impact the delivery against the Big Plan objective to rejuvenate Poole and Heart of Poole aspirations.

Background papers

51. **Cabinet** - Wednesday, 14th April, 2021 10.00 am (item 326)
<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?MId=4262>
52. **Meeting of Council**, Tuesday, 22nd June, 2021 7.00 pm (Item 100.)
<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?MId=5112>
Recommendations from Cabinet and Other Committees
<https://democracy.bcpccouncil.gov.uk/mgAi.aspx?ID=7393> (7b)

Appendices

There are no appendices to this report.