

RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	Update on 'Repair and Renewal' Project funded by ACE MEND etc for restoration of Conservatory etc
Meeting date	4 May 2022
Status	Public Report
Executive summary	<p>Russell-Cotes Art Gallery and Museum is a registered charity (306288) of which BCP Council is Trustee.</p> <p>The building and services of the Russell-Cotes Art Gallery & Museum, which is Grade 2* listed are in desperate need of repair and renewal. According to a specialist building survey, nearly £4million of work is required in the next 5 years.</p> <p>The Russell-Cotes has been successful in applying to the MEND (Museums Estates and Development) Fund established by Arts Council England (ACE) specifically to address the backlog of urgent repairs needed in the Museum sector and support environmental and financial sustainability.</p> <p>This major investment to carry out urgent capital work including restoring the conservatory, replacing the end of life Air Handling Units, improving drainage and improving CCTV security will cost £974,000.</p> <p>A grant of £518,000 has been awarded by MEND, £30,000 has been fundraised for the conservatory and match funding of £426,000 has been agreed by BCP Council (of which £213,000 is expected to come from £213,000 subject to final approval).</p> <p>Preparatory work is well under way with the appointment of lead designers, planning applications formally submitted, preparatory work in progress and legal and financial commitments being progressed.</p> <p>The work on site is expected to begin in September 2022, in a phased approach so that the museum will remain open to visitors throughout. On site works should be complete by Summer 2023 followed by a period of monitoring and review. The whole project must be complete by 31 March 2025.</p>
Recommendations	It is RECOMMENDED that:

	<p>The Committee note the successful application for funding and the progress in the delivery of the ‘Repair and Renewal Project’</p> <p>The Committee agree to review the Museum’s charges to meet the funding and ongoing maintenance needs.</p>
Reason for recommendations	<p>The Management Committee are required to act in the best interests of the Charity and to support its long-term future. This project represents an opportunity to invest significantly in the museum’s infrastructure and to reduce risks and ongoing costs.</p>

Portfolio Holder(s):	Councillor Beverley Dunlop, Portfolio Holder for Culture and Vibrant Places
Corporate Director	Jess Gibbons, Chief Operations Officer
Report Authors	Sarah Newman, Manager Michael Spender, Head of Culture Chris Saunders, Director, Destination and Culture
Wards	Not applicable
Classification	For Update

Background

1. The Russell-Cotes is a Grade 2* listed Victorian villa on Bournemouth clifftop. The museum has had little investment in its fabric or services since 1999 and is in desperate need of investment to ensure that the building (a historic object in its own right) survives, with its original decoration and features and provides a safe and secure environment for its collection. Built into the cliff top it has problems of water ingress, whilst its exposure to the sea and salt laden winds puts it at risk from increasingly ferocious storms due to climate change.
2. A Building Survey was conducted in 2020 and identified nearly £4 million of vital work required in the next 5 years to ensure the preservation of the building, particularly the replacement of nearly all M & E.

The Project

3. Working with Council surveyors and independent conservation qualified surveyors and specialist Mechanical and Electrical engineers, the most urgent and essential areas were prioritized for funding which could be capitalized on the balance sheet:
 - The original 1901 conservatory of the Russell-Cotes is at particular risk. Plans were made in 2011 to repair the conservatory but the Council was unable to afford the cost and the work was never done. It is already collapsing and repair work from the storms of 2020 remain incomplete.
 - Improvements to the drainage to stop regular foul water flooding the garden by the public entrance
 - The replacement of the air handling units which are at 'end of life' combined with a new approach to controlling the plant to significantly reduce energy consumption whilst maintain stable environmental conditions to safeguard the collection.
 - Increased CCTV coverage to protect the museum against potential lead theft.

Funding

4. The Arts Council introduced a new funding stream in summer 2021: the MEND (Museum Estates and Development) Fund specifically for museums with significant heritage assets at high risk because of lack of investment in maintenance. The

Russell-Cotes devised a funding strategy to cover the total project costs of £974,000. The Russell-Cotes has been awarded £518,000 from the MEND fund.

5. The project will immediately deliver three of the MEND outcomes:

- a. *Museums are more financially resilient and environmentally responsible by developing and implementing maintenance plans*

A new maintenance plan has been developed. By tackling urgent works the cost of responsive repairs will reduce. Energy consumption will reduce by 25% with installation of the new Air Handling Units (AHUs) therefore having a tangible beneficial impact on financial resilience and environmental responsibility. New CCTV provision will prevent theft of roof lead so protecting the building from further damage.

- b. *Environmental performance of buildings and equipment is increased, supporting the reduction in carbon emissions in the museum sector*

New AHUs will reduce energy consumption. Conservatory repairs will prevent unnecessary heat loss so also contributing to a reduction in energy consumption.

- c. *Museums have strengthened their contribution to local community and regeneration by preserving landmark buildings and ensuring locally-treasured collections are accessible by the public*

The historic conservatory will be saved and visitors will again be able to properly use and experience the space. The AHUs will improve the environmental conditions to protect the historic interior and collections it houses.

6. The whole project will be funded in the following way:

Source of Funding	Amount
grant from the ACE MEND fund.	£518,000
restricted Conservatory Fund of public donations for this purpose as agreed by the RCAGM Management Committee on 12 October 2021.	£30,000
contribution from CIL (recommended by the Futures Board but subject to final approval)	£213,000
Contribution from BCP Council (via Prudential borrowing)	£213,000
Total	£974,000

Approvals

7. The Russell-Cotes is currently finalizing the necessary financial and legal approvals and conditions to accept the grant and funding including standard covenants.

Expenditure

8. A cost estimate for the project has been prepared by Press and Starkey quantity surveyors. All items included in the project will be capitalised and this has been approved by BCP finance. Contingency is shown at 10% of project costs and costs include inflation at 5.1% based on the BCIS forecast.

Construction	
Conservatory	£142,000
Services	£567,300
Drainage	£45,800
CCTV	£10,000
Fees and charges	£120,345
Contingency	£88,555
TOTAL	£974,000

Timetable

9. The project has started and will start by 25 April 2022 and will be completed by 31 March 2025, although anticipated to be substantially finished by end of 2023

Progress to Date

10. In order to submit the application, the project had to reach RIBA Stage 3. In the intervening months planning applications have been submitted for the work to Secretary of State, some opening up works have been undertaken and preparatory work commissioned (fire survey and digital survey). A procurement exercise has taken place through the Council for the appointment of the lead designers.

Programme

11. The programme has been developed with the intention that the building can remain open to the public during the works. It has been developed in consultation with the design team to ensure that the delivery of all elements is considered and any potential co-dependencies are identified. At the detailed design stage (RIBA 4) the programme will be further developed and it will be an expectation of the Contractor to produce a fully detailed programme as part of the tender process and appointment.
12. The proposed programme for the replacement of the AHU and associated AC equipment commencing in Autumn 2022, is based on the following rationale:
- Autumn/Spring generally avoids the summer and winter extremes in temperature, where loss of heating or cooling will have the greatest impact on the internal environment.
 - The phasing allows the works to be carried out whilst minimising the areas of the museum that are without any form of environmental control to the shortest possible time scale.

Phase 1

13. AHU 3 which serves the main galleries will be replaced first, along with the AC equipment serving AHU 1, AHU2 and AHU3 at a time when the impact on internal conditions within the galleries should be minimum.
14. This phase of work will also see:
 - the installation of all pipework from new AC equipment to AHU 1, 2 and 3
 - connection of AHU 3 to new AC equipment and commission etc
 - AHU 1 & 2 retained as existing, connected to existing boilers for heating with no cooling to AHU 1 & 2 until next phase of works
15. During the winter of 2022, no works will be undertaken to ensure that internal conditions are as stable as possible.

Phase 2

16. In Spring 2023, the second phase of works will include:
 - AHU 1 which serves part of the Victorian House will be replaced first and connected to the new AC equipment installed in phase 1
 - When works to AHU1 are complete, AHU 2 which serves the remainder of the Victorian House will be replaced and connected to the new AC equipment installed in phase 1
 - When works to AHU2 are complete AHU 4 which serves the modern wing will be replaced along with new dedicated AC equipment
17. The work to the conservatory, the drainage replacement and CCTV installation can happen at any point during the period between autumn and spring. The work to the conservatory and drainage may have to happen sequentially depending on the extent of the drainage work required and whether it encroaches on the area needed for scaffolding to the conservatory.

Summary of financial implications

18. The project will support financial sustainability by reducing ongoing energy and maintenance costs and reduce the Council liability for the repair and maintenance of the building
19. The £30,000 contribution from the Conservatory Restoration Restricted Fund has been agreed by the RCAGM Management Committee and noted by Cabinet.
20. A portion of the funding will be derived from prudential borrowing and the Museum will be required to raise these additional funds through charges at a time when inflationary pressures are growing and visitor confidence is volatile.
21. Annual borrowing repayment is estimated at £15,000 on £213,000 (principal and interest) or £29,000 on £426,000. This is based on the Council's low risk Invest to Save Framework rate of 3% over a period of 20 years (which is estimated useful life of the asset). This could be raised by the Russell-Cotes through additional income generating activities or price rises including a small rise in the admission fee. An increase of an adult ticket from £7.50 - £8.50 and proportionate rises in other ticket types should generate an additional £28,472 in income on admissions, annual tickets and Friends on the basis that the number of paying visitors remained at 2019 levels (ie 31,500 paying of 50,000 visitors). The Russell-Cotes also raises typically

nearly £300,000 pa from retail, catering, events, education and donations so the interest represents an additional 5% on the current target.

22. However, there is a risk that the price increase will impact on visitor numbers and whilst the current charge is modest, the nature of the offer and the lack of investment in visitor facilities limits the scope for increase. In addition, it will limit the opportunities of the museum to generate income to deal with any further pressures from inflation, closure, budget reduction or visitor demand. However with the improved offer from the capital work, a modest increase in admissions charge is probably sustainable.

Admission Income	2019 (actuals) Based on ticket price of £7.50 gift aided	Revised Based on ticket price of £8.50 gift aided	Increase
Notes	Based on 31,553 visitors paying average of £6.09	Based on 31,553 visitors paying average of £7	
Income from admissions – day tickets, annual tickets, Friends	£192,399	£220,871	£28,472

23. A full modelling of the impact of an increase in the admission charge will be developed and presented at the next meeting for approval.

Summary of Sustainability impact

24. The work identified in the project will support environmental sustainability thorough the reduction of energy consumptions which is a key driver to the priorities, as required by the Grant Objectives. With energy costs at a very high level and likely to increase this should deliver substantial benefits.
25. The grant conditions include a commitment to carry out an identified maintenance and care plan to ensure that the Arts Council investment is protected and sustained.

Summary of legal implications

26. Under the terms of the grant, ACE will ensure that the buildings and equipment will be used for the grant purposes. Legal commitments will need to be in place prior to the release of any grant funding.
27. Grant funding awarded must be compliant with any legislation on subsidy control applicable at the time the grant is awarded
28. Financial provision for legal advice to ensure compliance has been included on the advice of the Council legal team

29. The initial application was based on the Russell-Cotes's externalization on 1 April 2022. This is still the direction of travel but legal discussions with the Charity Commission are still ongoing so it is likely that the change of governance will not take place until 1 April 2023 at the earliest. The grant would therefore be managed by BCP Council until such times as it is novated to the new entity. This makes no difference to the grant as responsibility for the Russell-Cotes lies with BCP Council as sole trustee. Any externalization proposals would require a contribution from BCP Council to support the legacy of building maintenance issues. The latter issue will be considered within the future report on externalization

Background papers

None

Appendices

There are no appendices to this report.