

Swindon Museum and Art Gallery – Round 1 bid submission

Cabinet

Date: 18th October 2017

Author: Cabinet Member for Regeneration
Corporate Director for Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report seeks to inform the Cabinet of the Heritage Lottery Fund (HLF) bid to secure funding to develop a detailed business case for the proposed new Museum and Art Gallery; and to seek the 'in principle' agreement of ongoing financial support for the operation of the proposed new Museum and Art Gallery, in order to facilitate this bid.
- 1.2 This report sets out to restate the Council's ongoing revenue support for a new facility in light of a previous Cabinet commitment in December 2014.
- 1.3 The recommendations, if adopted, would contribute towards delivering Pledge 21 of the Council's Vision to "Secure a new Museum and Art Gallery that can showcase the high quality art and exhibits that we possess".

2. Recommendations

Cabinet is recommended to:

- 2.1 Support the Trust in their forthcoming bid for HLF funding for a new Museum and Art Gallery facility,
- 2.2 Endorse the previously agreed revenue funding of up to £245,000 per annum, (Cabinet Minute 51(3)(2014/15)) refers), to support the operational costs of a new Museum and Art Gallery, should the HLF bid be successful,
- 2.3 Authorise officers to work with the Swindon Museum and Art Gallery Trust to identify funding to address the remaining estimated deficit through the introduction of a nominal or voluntary entrance fee; and,
- 2.4 Agree to the application of resources such as business rates and New Homes Bonus, arising from further development/uplift in the vicinity to meet the funding shortfall identified in Appendix 1 of this report, if required, subject to the governance arrangements as set out in para 3.16 being put in place, and confirmation of the feasibility for the project through the Development Phase of the bid,

Swindon Museum and Art Gallery – Round 1 bid submission

Cabinet

Date: 18th October 2017

3. Detail

Background

- 3.1 The Swindon Museum and Art Gallery currently operates out of Aspley House at Bath Road in Old Town. Although the facility contains a nationally important art collection and valuable museum artefacts, it is housed in a building that is not fit for its purpose. The building also lacks visibility for visitors and stifles our ability to showcase the collections to their best.
- 3.2 In recognition of this, in 2013 the Council submitted a bid to the HLF to secure funding to develop a business case for a new facility, which would ultimately enable its development and construction on the site of the former Wyvern Car Park. Although this bid was unsuccessful, the Council received helpful and positive feedback on areas in which it required strengthening. The bid also proved the catalyst for the formation of the Swindon Museum and Art Gallery Trust, who have been asked by the Council to lead on a revised Round 1 bid, with both financial and officer support from the Council.
- 3.3 It is expected that a new Museum and Art Gallery would bring a number of potential positive effects to the economy and the environment as well as facilitating social benefits. The Trust forecasts that the trading of the Museum would contribute between £4.3m and £5.4m per annum to the local economy, supporting up to 98 FTE's. This evidence is supported by the Local Government Association, using experience of other comparable facilities. The new facility would also form the catalyst for the regeneration of the area around the Wyvern Theatre, (the 'cultural quarter'), and once built, would provide a valuable resource for education, enrichment and community development.

HLF bidding process

- 3.4 Bidding for HLF funding is essentially a 2 stage process. At Round 1, the bidder is expected to establish the case for funding, based on the credentials of the proposal, it's financial business case, heritage benefits, ability to operate sustainably, partner and public support, feasibility and wider physical, social and regenerative benefits. Those bids which are successful at Round 1 receive a grant towards developing their proposals into more detail for a comprehensive Round 2 bid, (known as the 'Development Phase'). The Trust's total bid is for £12 million, which would be match funded by third parties. The initial Round 1 bid seeks a development phase grant (also matched by third parties), to support the Round 2 bid, when it is expected that the full £12 million would be secured.
- 3.5 It is the Trust's intention to submit the revised Round 1 bid by the end of November 2017. This bid will address all of the areas of concern to the HLF, and bolster parts of the previous bid which the HLF identified as being of

Swindon Museum and Art Gallery – Round 1 bid submission

Cabinet

Date: 18th October 2017

particular weakness. The bid is supported by the Council, whose officers continue to assist the Trust in its development.

Financial Overview

- 3.6 One area that is integral to the success of the bid is the need to demonstrate long term financial sustainability for the new facility. Accordingly, the Trust commissioned external expertise to undertake financial modelling for the first ten years of the new Museum and Art Gallery. This work has been endorsed by the Swindon Museum and Art Gallery Board, and indicates that the facility is likely to run at a trading deficit of between £184,000 and £365,000 per annum over that period, plus a period before opening where the building is substantially complete but not generating income in full. The estimated deficit for this pre-opening period is £375,000. These figures are all excluding the transfer of the existing Museum and Art Gallery's operational funding of £245k which is detailed at paragraph 3.10. They also do not include off-site storage costs for elements of the Council's collection that are not displayed at the new facility. These costs will continue to be met from Council budgets.
- 3.7 The estimated annual deficit fluctuates over the 10 years as a result of two key assumptions, these being an initial three years of operational grant funding from the HLF, and an expected initial surge in visitor numbers in year one before falling back to a more stable level.
- 3.8 The modelling has been carried out using prudent assumptions and the financial figures reflect this. There is, therefore, the possibility that the deficits are lower than the base case reported here, although detailed sensitivity testing has been carried out to assess both better and worse case assumptions.
- 3.9 The Council has already committed to a financial contribution of up to £5 million, of which £475k has previously been approved towards bid development and the Director's salary. The balance of capital funding of £4.525m can support construction costs. In addition, the Council has previously committed to transfer the budget for the existing Museum and Art Gallery at Apsley House to support the running costs of the new facility (Cabinet Minute 51(3), 10th December 2014).
- 3.10 The existing Swindon Museum and Art Gallery and its associated activities operates at an annual cost to the Council of £189,000, (2017/18 figures). In addition, there would be a saving in corporate overheads of around 30% associated with closing the existing facility, which would increase the figure available to support the new facility to £245,000. A summary of the first 10 years of operations, prepared by expert consultants to the Trust is shown in Appendix 1.

Swindon Museum and Art Gallery

– Round 1 bid submission

Cabinet

Date: 18th October 2017

- 3.11 The HLF expects the Round 1 bid to be clear on the cost of both constructing and operating the new facility, and how these costs will be met. In accord with the 2014 Cabinet resolution, it is anticipated that the Council would be expected to provide support through transferring the existing annual operating budget for the Museum and Art Gallery to the Trust. This budget covers both staff costs, and the operation of the existing building, but excludes corporate overhead allocations. It also covers the full range of work undertaken by the staff including collection development, accessioning and curatorial work, all of which are essential to an accredited museum. It does not include a figure for external storage of artefacts and items not on public display. If Cabinet endorses that the full budget for the existing Museum and Art Gallery is to be transferred, all the activity that this budget covers would also transfer to the Trust.
- 3.12 This leaves a projected annual shortfall, after taking into account the existing facility budget, of between £32,000 and £120,000 over the first seven years operation of the new facility, and a shortfall of £130,000 in the pre-opening year. From year eight the Trust anticipates that the new Museum and Art Gallery will begin to operate without the need for any further funding beyond the Council's £245,000 contribution as detailed in paragraph 3.10, which should be reduced accordingly. This is detailed at Appendix .1
- 3.13 To meet this projected shortfall, the Council would expect the Trust to undertake some additional benchmarking around introducing a nominal or voluntary entrance fee, and around income from corporate membership. Whilst national museums are expected not to charge on entry, there is no reason why locally significant museums cannot do so, on either a nominal or voluntary basis. Sub Regional benchmarking indicates that museums at Salisbury, Devizes and Gloucester do charge, though the Bristol City Museum does not. Anticipated visitor numbers would indicate that even a modest charge would be likely to reduce, or even erase, any additional subsidy required. Locally, both STEAM and Lydiard House, (including the walled garden) charge an entrance fee.
- 3.14 If the Trust is unable to fund the outstanding shortfall from additional revenue generated, it is proposed that the Council commits to ring fencing an element of additional Business Rates or New Homes Bonus received from developments that are likely to occur within the vicinity of the new facility. This would be specifically to meet the shortfall at, but not above, the levels highlighted in Appendix 1. It is anticipated that this development would typically involve residential units with some active complementary uses at ground floor levels. Inevitably, major regeneration schemes such as the new Museum and Art Gallery benefit from local improvements to the public realm. Contributions to the local public realm would be sought from developments in the proximity of the new facility.
-

Swindon Museum and Art Gallery – Round 1 bid submission

Cabinet

Date: 18th October 2017

- 3.15 Nevertheless, the Council cannot commit to supporting the new facility financially in perpetuity. The Trust's modelling takes the facility through its first 10 years, with an assumption that the Council will contribute financially to each of the first seven years and for the pre-opening period, in line with the amounts in paragraph 3.12. It is anticipated, therefore, that the project would be subject to robust governance and a clear performance framework.

Governance Arrangements

- 3.16 Given the Council's commitment in supporting the new Museum and Art Gallery through the Development Phase, it is proposed that the relevant Cabinet Member is also a member of the Trust Board, and acts as Swindon Borough's primary corporate link to the Trust and the Project Team. The Cabinet Member may also choose to have a Cabinet Member Advisory Group (CMAG) that would be supported by officers.
- 3.17 The appointment of the Cabinet Member to the Trust Board would best enable the Council to support the governance of the Trust throughout the Development Phase and facilitate the monitoring of the spend of Council monies on the project.

Next Steps

- 3.18 Should Cabinet endorse the recommendations in this Report, the Trust would submit a credible bid for the new facility. Without this commitment, the chance of success is negligible. The bid has to be with the HLF by 1st December 2017, with a decision made by the HLF in spring 2018.

4. Alternative Options

- 4.1 The Council could choose not to provide revenue support to the running of a new Museum and Art Gallery. This would, however, leave the Trust with a funding shortfall, reducing the likelihood of a successful Round 1 HLF bid, which is critical to the provision of the new facility.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 The business case projections over 10 years show an annual trading deficit of between £184,000 and £365,000 per annum plus an pre-opening deficit of £375,000
- 5.2 Cabinet has previously approved that the budget for the existing Museum and Art Gallery is transferred to the Trust to support the running of the new facility. This amounts to £245,000 including an element of corporate overhead savings.

Swindon Museum and Art Gallery

– Round 1 bid submission

Cabinet

Date: 18th October 2017

- 5.3 The deficit after the injection of the existing budget varies between £41,000 and £120,000 plus the pre-opening period of £130,000. It is anticipated there will be an operational surplus in years 8, 9 and 10 of between £2,000 and £61,000 per annum, and the Council's revenue contribution can be reduced accordingly in those years.

Legal and Human Rights Implications

- 5.4 Legal and human rights issues were taken into account in preparing this report. It is considered that the report's recommendations are compatible with Convention Rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.5 The existing Museum and Art Gallery budget recommended for transfer to the Trust includes staff costs and salaries. It is anticipated that these staff would transfer to the Trust under TUPE arrangements subject to the success of the HLF bid.

Diversity Impact Assessment (DIA)

- 5.6 The HLF bid will include a DIA, which is being prepared by the Trust with support from the Council. The previous bid included a full DIA which is available on request. The new facility would be fully accessible to all members of the community, and is anticipated that it will include community space for hire.

Risk Management

- 5.7 The Council is supportive of the new Museum and Art Gallery, which would bring social, economic and environmental improvements to not only Swindon Town Centre, but the wider area. Without this facility, regeneration of the cultural area of the town centre would be unlikely to take place. The Council has agreed to provide financial support to the facility, but this support cannot place any additional burden on the public purse. It is important that public sector contributions are regularly scrutinised, and that they are clearly aligned to meeting identified shortfalls. In addition, The Council has provided risk management expertise to support the Trust with the Round 1 application.
- 5.8 The governance structure proposed at paragraph 3.16 is recommended to ensure that this risk is mitigated.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Swindon Museum and Art Gallery – Round 1 bid submission

Cabinet

Date: 18th October 2017

7. Background Papers

7.1 None.

8. Appendices

8.1 Appendix 1 – Financial Forecast: new Swindon Museum and Art Gallery 10 year Plan.