

Subject:	Whitaker HLF- delivery phase (round 2)	Status:	For Publication
Report to:	Full Council	Date:	11 th July 2018
Report of:	Economic Development Manager	Portfolio Holder:	Leader/Regeneration and Tourism
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1. RECOMMENDATION(S)	
1.1	Subject to receiving Heritage Lottery Fund (HLF) approval: Members to delegate authority to the Monitoring Officer in consultation with the Portfolio Holder and Director of Economic Development to enter into a grant funding agreement with HLF as detailed in this report.
1.2	Subject to receiving HLF approval: To approve £189,950 of match funding from the employment and transport reserve to support the implementation of the Whitaker HLF project delivery phase.
1.3	Subject to receiving HLF approval: To approve the creation of a Whitaker HLF Project Officer role (grade 6) on a fixed term contract for the length of the delivery phase.
1.4	For Members to approve the RBC transitional and long term financial arrangements outlined in this report.
1.5	For Members to approve the Council entering into a 25 year lease arrangement, such terms to be delegated to Director of Economic Development and Portfolio holder.

2. PURPOSE OF REPORT

- 2.1 To seek Members support for the Whitaker HLF delivery phase (round 2) application and approval of match funding, staffing, governance structure and project implementation.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
- **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- Risk that the HLF delivery phase application is rejected:
This project has a strong governance structure that follows PRINCE 2 project management methodology with a Project Board. Regular meetings take place with the HLF monitors to ensure that the project meets the expectations and standards expected. This professional approach reduces the likelihood of rejection.
- Risk of no one tendering for the capital build:
The capital works will be advertised on both the Councils website and the government's contract finder page. Based on previous experience this is likely to produce a large number of

applicants.

- Risk that the capital expenditure overspends:
The development phase has brought the detailed designs of the building work up to RIBA D which includes quantity surveyors costings for the project. These have been checked by the lead architect, Day Architecture, who have verified that the plans are within budget and a fixed price tender process will be conducted. A small contingency budget has been earmarked that can be used to ensure that unforeseen expenditure can be funded.
- Risk that the Whitaker income levels are lower post the 2020 opening:
As part of the development phase an independent financial viability report and business plan has been commissioned which demonstrates viability. This has been analysed by the Councils Finance section as well as the Whitakers accountant using stress test methodology.
- Risk of Project Officer not being appointed:
This is an important role in the delivery of the project and has been competitively graded to attract a quality applicant.

5. BACKGROUND AND OPTIONS

5.1 The museum

The Whitaker is a crucial part of Rossendale's cultural, heritage, arts and tourism offer. The partnership with the Whitaker Organisation is proving successful in supporting the council's economic development ambitions by raising the profile of Rossendale and adding value to the visitor, culture and creative industries sector. Over 30,000 visitors were recorded at the Whitaker in 2016, an 8% increase on the previous year. The Whitaker made the final short list in an unprecedented 5 areas of the 'Valley at Work' Business Awards - winning the Best Community Business Award.

The reputation for quality food and service continues to grow and is complemented by the numbers of events and activities that are increasing on a weekly basis and include - Dialect and Poetry nights, Independent Film Night, Local Exhibitions, 1940's, 1960's weekends, the Rossendale Film Festival and Rossendale Arts Festival. The displays in the museum include local history and a Victorian natural history collection alongside a very active contemporary art gallery with changing exhibitions.

The Museum and Art Gallery is managed on behalf of the Council by The Whitaker Community Interest Company (CIC), which was formed following Lancashire County Councils decision to end the Management Agreement with the Council in 2013 and Rossendale Councils continued support for the facility.

5.2 Key benefits of the Whitaker HLF project

The extension into the barn and stables building will increase the size of the museum, enhancing the floor space for exhibits, gallery, functions, art house cinema, theatre, restaurant and shop area.

- Sustainable long term vision for the museum
- Thriving arts and culture venue in the borough
- Implementation of improved audience development and collections plan
- Increased visitor numbers and associated jobs
- Renovating the historic barn and stables building
- Increased income generation potential
- Reduced RBC contributions

5.3 Heritage Lottery Fund and governance

Version Number:	1	Page:	2 of 6
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HLF grants operate on a two stage process; development phase (round 1) where the concept and detailed plans are developed and the delivery phase (round 2) which sees implementation of the proposals.

The Council secured funding for the development phase in Summer 2017. The £100,000 grant has enabled the development of full RIBA stage D drawings as well as the development of activities and coordination plans. This will lead to a further £1,899,500 Heritage Lottery Fund application, for the extension of the Whitaker Museum into the adjacent Barn and Stables. The current RBC Parks and Gardens occupants will relocate as part of this proposal to an alternative site.

The development would represent a major enhancement of the venue and greatly expand the number of events and activities that can take place. The new dedicated workshop space for the creative sector in the refurbished stables buildings will advance Rossendale's reputation as a leading cultural and creative industries centre. It offers the real potential to boost visitor numbers to Rossendale and raise the profile of both the Whitaker and the borough. The project combines and complements well with other planned developments in Rawtenstall.

The funding will deliver a carefully developed activities plan and actions that will widen the impact of the museum within the community and drive forward the visitor experience.

The HLF project is managed by a project board, RBC is represented by the Economic Development Manager and Accountant. This reports to the main Whitaker Board of Management where RBC is represented by the Leader of the Council and Economic Development Director and Manager. All spend on the project will be monitored and approved by the Council who is the grant recipient. See background document.

5.4 Delivery Phase timeline (estimated)

April 2019	approval of HLF and project start-up
April 2019	recruitment of project staff
May 2019	tender for capital works issued
June 2019	start of delivery of the volunteer and audience development plan
October 2019	start of capital works
June 2020	opening of expanded museum
September 2021	conclusion of volunteer and audience plans and project close

5.5 Whitaker finance and licence and new lease

The current Council position supports the Whitaker with a grant of £60,000 per annum and funds all building related maintenance, both internal and external as well as utilities. This costs the Council circa £35,000 through a historic licence agreement out of the RBC property repairs and maintenance budget.

As part of the HLF application there is a requirement for a long term lease agreement to be in place between the parties. The Heads of Terms are in the late stages of agreement and will reflect the arrangements outlined in 5.5, 5.6 and 5.7 of this report. It will also provide a rent to the Council of £10,000 per annum which will be subject to rent reviews.

In view of the Councils medium term financial strategy, changes will be made to both the lease and the annual grant payment to reduce the cost to the authority. This will see the Whitaker CIC pay for all internal building related costs, which will be phased in stages as part

of the new 25-year lease agreement. The much-reduced RBC maintenance contribution will only cover external building maintenance.

The existing grant of £60,000 will be replaced by an agreement to fund a curatorial role to manage the art collection and museum exhibits. This will result in a payment of £30,000 to the Whitaker CIC. This agreement reflects the considerable work involved in the management of RBC's collection by the Whitaker museum and the community benefit. The reduction in the grant and other support will be introduced in phases as outlined in paragraph 5.7.

5.6 Financial viability assessment

As part of the Whitaker HLF process, a fully evidenced financial viability assessment has been commissioned. This has determined the viability of the expanded museum following the HLF grant process by demonstrating self-sufficiency. The aim is to ensure that the Whitaker is financially sustainable from April 2021 onwards and that the planned level of income generated is sufficient to cover expenditure. The independently commissioned viability assessment strongly suggests that the museum will be sustainable in the long term.

As the viability assessment report contains sensitive commercial information relating to the Whitaker CIC, it was presented on 26th June 2018 to Members at a private Members Briefing session, to allow for scrutiny and questioning. It will remain available to Members for reading by arrangement with the Economic Development Manager.

5.7 Transitional arrangements - 2019/20 and 2020/21

The financial viability assessment predicts that there will be short term financial issues caused by disruption to the museums income during the building construction period and subsequent transitional year; April 2019 to March 2021. To compensate for this disruption, time contingency within the building works and the roll out of the expanded business model, transitional arrangements will be necessary. The impact of the disruption has been predicted in the viability assessment as well as further worse case scenarios which have been measured through stress testing.

The Council grant will drop from the current £60,000 to £50,000 for the financial years 2019/20 and 2020/21. The existing current utilities and maintenance arrangements will be continued until March 2021. Any further shortfall will be met firstly through the utilisation of remaining Whitaker CIC reserves and then subject to a loan request from the Whitaker CIC to Rossendale Council. This would be subject to a further report to Cabinet if requested.

A revised management agreement will be necessary between RBC and the Whitaker CIC to reflect the revised position.

5.8 Required staff

During the two and a half year delivery phase there will be considerable project management, organisation, record keeping and implementation of the audience development, collection and volunteer plans. After discussion with HLF and the Whitaker Board it is recommended that a full time RBC Project Officer position is created. This will link in with an additional part-time Whitaker HLF Manager, Whitaker Volunteer Co-ordinator and Whitaker Audience and Collections Co-ordinator. A small amount will be retained for a HLF consultant to advise and support the group on an add-hoc basis. These posts will be funded through HLF delivery phase budget.

5.9 Royal Institute of British Architects (RIBA) 4-7 and capital expenditure

The RIBA 4-7 stages will be achieved in the delivery phase. This is a continuation of the detailed design and construction planning associated with the HLF Barn and Stables project which has achieved RIBA D designation during the development phase.

The main capital expenditure delivery will be led by the principal contractor, Day Architecture with oversight from the Project Board. This will be tendered in line with the RBC constitution.

6 HLF Application

6.1 The next round of HLF funding will be submitted late 2018 and will request £1,899,500 to support the barn and stables expansion. This will require 10% RBC match funding contribution as HLF are only able to fund 90% of project cost. A previous Council report approved in July 2016 by the then Economic Development Manager (see background document), obtained in principle approval for the HLF project and match funding. This report seeks formal approval and £189,950 RBC match funding from the employment and transport reserve subject to HLF approval.

7 **COMMENTS FROM STATUTORY OFFICERS:** **SECTION 151 OFFICER**

7.1 A number of financial and risk implications are noted within the report. In particular the future sustainability of the Whitaker and the reduction of the Council's annual financial support is reliant on the accuracy and delivery of the externally prepared feasibility report.

7.2 The Council will act as the accountable body following a successful grant award. Further consideration will be required in due course as to the HLF's required grant conditions and outputs, which are as yet unknown.

7.3 Further consideration is required as to the financial and operational implications of the Whitaker based Operations team having to vacate the barn and stables.

8 **MONITORING OFFICER**

8.1 All necessary legal agreements will need to be completed between the parties both in terms of those documents required by the bid and those required if the bid is successful, ensuring all due diligence is completed prior to the execution of the same.

9 **POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

9.1 An EIA initial assessment has been undertaken and it has been identified there are no disproportional impact and a Full EIA is not required, however it is noted if the funding is approved there will be potential benefit for the wider community if the project is supported. As part of the development and implementation of the project ongoing consideration will be given specifically to equalities and associated equality duties.

Consultation has been undertaken with the Chief Executive, Director of Economic Development, Management Team and Portfolio Holder.

A full consultation programme is contained within the consultants brief for the interpretation, audience development and collections plan.

10. **CONCLUSION**

This report will enable the delivery of the Whitaker HLF project subject to HLF delivery phase approval.

Background Papers	
Document	Place of Inspection
Whitaker HLF Viability Assessment Report	Economic Development Office (confidential)
Whitaker Heritage Grant Report to Council 6 th July 2016	Included
Whitaker Barn and Stables Design x2 drawings	Included
Project management structure	Included

Subject:	Whitaker Heritage Grant	Status:	For Publication
Report to:	Council	Date:	6 th July 2016
Report of:	Director of Business	Portfolio Holder:	Leader
Key Decision:	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Community Impact Assessment:	Required:	No	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATION(S)
1.1	Members note the positive progress and opportunities brought about through strong partnership work for these projects.
1.2	Members approve in principle financial support to the sums proposed in the grant application.
1.3	Members approve the introduction of a lease over a longer term than the existing license to cover the additional property to be improved.
1.3	All future negotiations and minor amendments to be delegated to the Director of Business in consultation with the Portfolio Holder.

2. PURPOSE OF REPORT

- 2.1 To seek the agreement of Members to submit a Bid to the Heritage Lottery Fund for an extension to the premises and activities of the Whitaker.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
 - **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
 - **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below.
- Investment in the Whitaker project is phased and the risks are evaluated throughout phase 1 which assesses the sustainability of the project and strength of the operational business case which supports the larger investment from both the Council and Heritage Lottery Fund.
 - The council is providing 10% (£10,000) match funding to phase 1 of the proposal (development phase), and suggesting that should a further phase 2 (delivery phase) be

successful a further £185,000 (section 106 monies) are allocated as 10% match. This may be reduced as a process of fundraising and commercial sponsor identification is required as part of the Phase 1 process. Detailed agreement to proceed with the project should the application be successful will be sought separately.

- In addition to the funding above, it is proposed that the council acts as the accountable body and manages the cashflow for the application.
- This requires a cc 4 month retrospective balance sheet arrangement, in between invoices being paid and the funds being recovered from the HLF. It also poses risks to the Council in relation of unrecoverable costs, from ineligible invoices being paid which could not be recovered from the funding body.
- The HLF funding requirements include an appropriate long term lease being in place (at least 10 years) for the property to be invested in. Measures and conditions to ensure any lease protects RBC's interests are being included.
- Robust management oversight, project management and invoice agreement processes are proposed to mitigate this risk.
- The Council currently provides grant and in kind funding to the Whitaker CIC. A key precept of this project is to reduce costs to the Council and promote their financial sustainability.
- The funding represents a significant opportunity to further improve the performance, heritage outputs and long term financial viability of an important cultural and heritage asset which, although much improved, still requires revenue support. Failure to secure the HLF grant makes it more challenging for partners to reach a revenue neutral position for the council.
- Members will have a further opportunity to agree the allocation of funds and comment on delivery arrangements via a further report should the bid be successful.

5. BACKGROUND AND OPTIONS

5.1 The Council has the Corporate Priority of Regenerating Rossendale and we do this by both working directly with funders and also working with and supporting partners with the development of projects.

5.2 In 2014 Members agreed that the Whitaker would submit a similar bid to the one being proposed today. This bid was not successful, however the HLF welcomed the principles of the bid, and have strongly encouraged the Whitaker and RBC to submit a revised proposal which addresses some technical matters that prevented their acceptance of the previous one.

The Whitaker

5.3 During 2011 the Council sought a new partner to operate and manage Rossendale Museum. The Whitaker Organisation was appointed and began operations.

5.4 Since this time the functions and facilities at the Museum have gone from strength to strength. The Whitaker Organisation has introduced a successful café into the premises, new contemporary exhibitions, theatre and music. To accommodate some of these events the Whitaker Organisation have been given permission to use the yard of the adjacent parks department depot which is housed in the original barn and stables block associated with what is now the museum.

- 5.5 When we sought a new partner we did so in the belief that the Museum, buildings and parkland had much greater potential to become a key facility for Rossendale and a key attraction for visitors. The working approach taken by the Whitaker Organisation has proven this to be the case.
- 5.6 This bid for Heritage Lottery Funding has the aim of bringing the barn and stables block back into more appropriate use as ancillary building to the museum.
- 5.7 Heritage Lottery Fund provided £9,000 of kick start funding to support the process of developing a bid and some of this was used to commission an architect to work with the team to draw up initial concept designs for the project. Following a national architectural competition Day Architectural Ltd in partnership with Purcell were appointed to work with the project team.
- 5.8 Meetings with the area officer from Heritage Lottery have been held and, on the whole, feedback has been very positive.
- 5.9 Rossendale is within the Pennine Lancashire Priority area for Heritage Lottery and whilst the bidding process remains competitive they are keen to support appropriate projects which would bring investment into the Pennine Lancashire area.
- 5.10 The Whitaker project will focus on the refurbishment of the barn and stables block creating additional exhibition, function and training space. As part of it, new and additional cultural and heritage activities will be developed, and piloted during Phase 1. The refurbished buildings would be linked directly to the museum via a newly created café block which would also serve as the main entrance to the premises.
- 5.11 The project will require Operations to vacate the barn & stable block they currently occupy and for a longer term lease to be established with the Whitaker CIC. This is an important requirement of the funding. The proposed Lease will include the key requirements of the existing license, have a ten year term and only extend to the new areas should the funding to improve them be secured. Suitable clauses to protect RBC's interests should the Whitaker CIC not be viable or act appropriately are being included.
- 5.12 The estimated costs for the whole project are £1.95million and the potential grant from Heritage Lottery would amount to 90% of this cost. The Council would need to contribute the remaining 10% (£195,000). The Council currently supports the Whitaker with an annual funding grant of £60k pa plus the cost of utilities and maintenance c £35k pa – part of the business case for the project is to assist the Whitaker Group achieving future financially self-sustainability.
- 5.13 If the bid for heritage lottery was successful, the project would be split into two phases. Phase one has been costed at £100,000 and the Council's contribution would be £10,000. Phase one focusses on the development of more detailed plans, surveys, widespread consultation, thorough testing of the business plan particularly looking at the future sustainability of the facility and a detailed refurbishment plan. These are then submitted to Heritage Lottery Fund as a bid for phase 2 funding. Phase 2 funding provides for all of the works costs associated with the project and would be in the region of £1.85million including a contribution from the Council of £185,000.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 Financial matters are noted in the report.
- 6.2 Given current low interest rates the cost of cash flow support is not material.
- 6.3 As accountable body the Council will have to ensure full compliance with the grant terms to ensure that there is no financial risk to the Council.
- 6.4 The Council currently supports the Whitaker with an annual funding grant of £60k pa plus the cost of utilities and maintenance c £35k pa – part of the business case for the project is to assist the Whitaker Group achieving future financial self-sustainability.
- 6.5 The operational and financial implications of the Council's Parks team vacating the Barn have yet to be fully quantified.

7. MONITORING OFFICER

- 7.1 Should the project proceed, contracts, leases and grant agreements will be required with the Whitaker CIC and the Heritage Lottery Fund. Procurement activities will need to comply with local government policies and legislation.

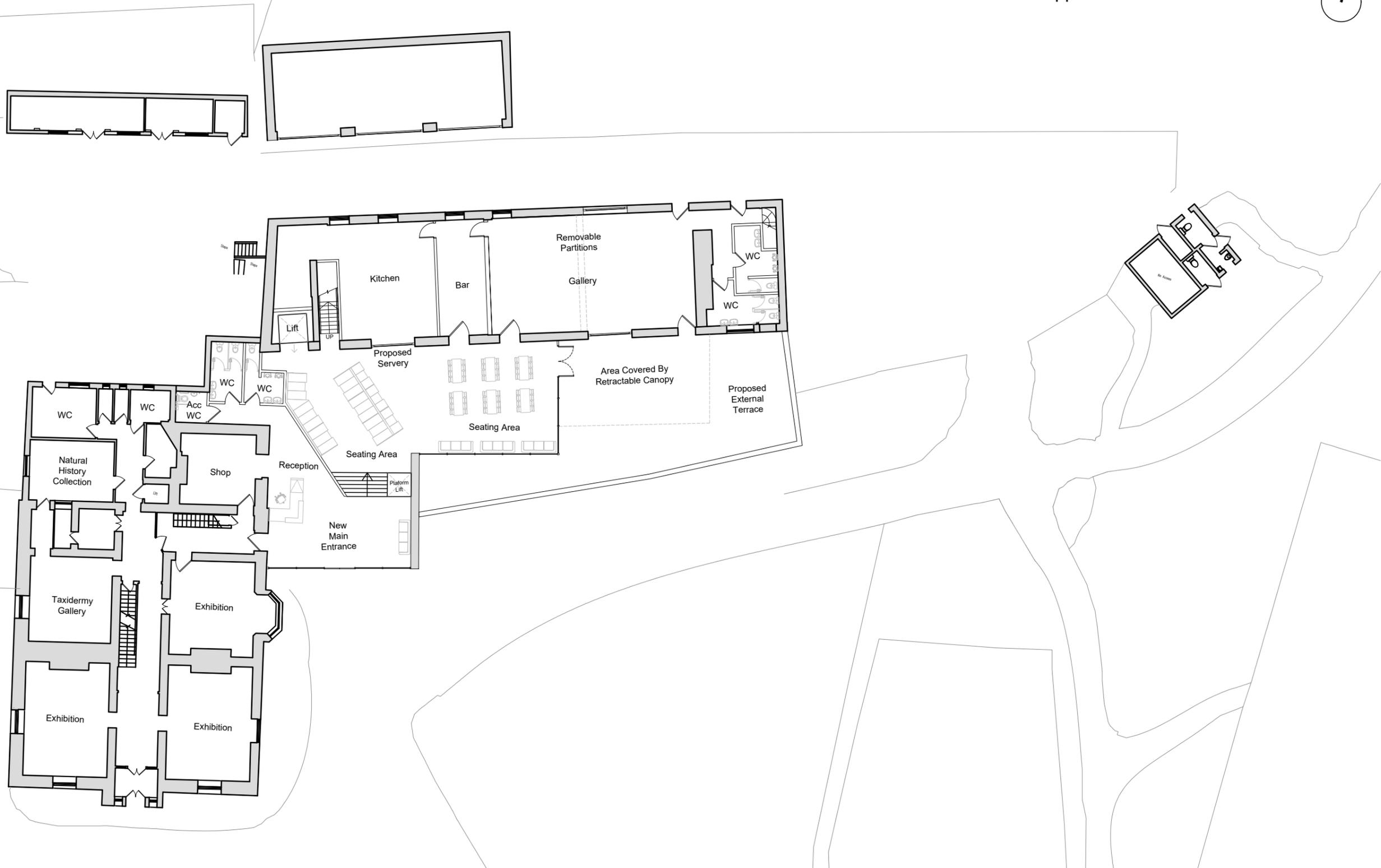
8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

- 8.1 Portfolio holder, bid development workshop, Whitaker CIC Board.

9. CONCLUSION

- 9.1 Regenerating Rossendale is one of the Council's Key Corporate Priorities and the two projects which are the subject of this report are focussed on realising the real potential of two of Rossendale's key attractions.

No Background Papers



Proposed Ground Floor Level
1:250

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DRAWING NOTES:

REV	DATE	REVISION NOTES	DRN	CHKD

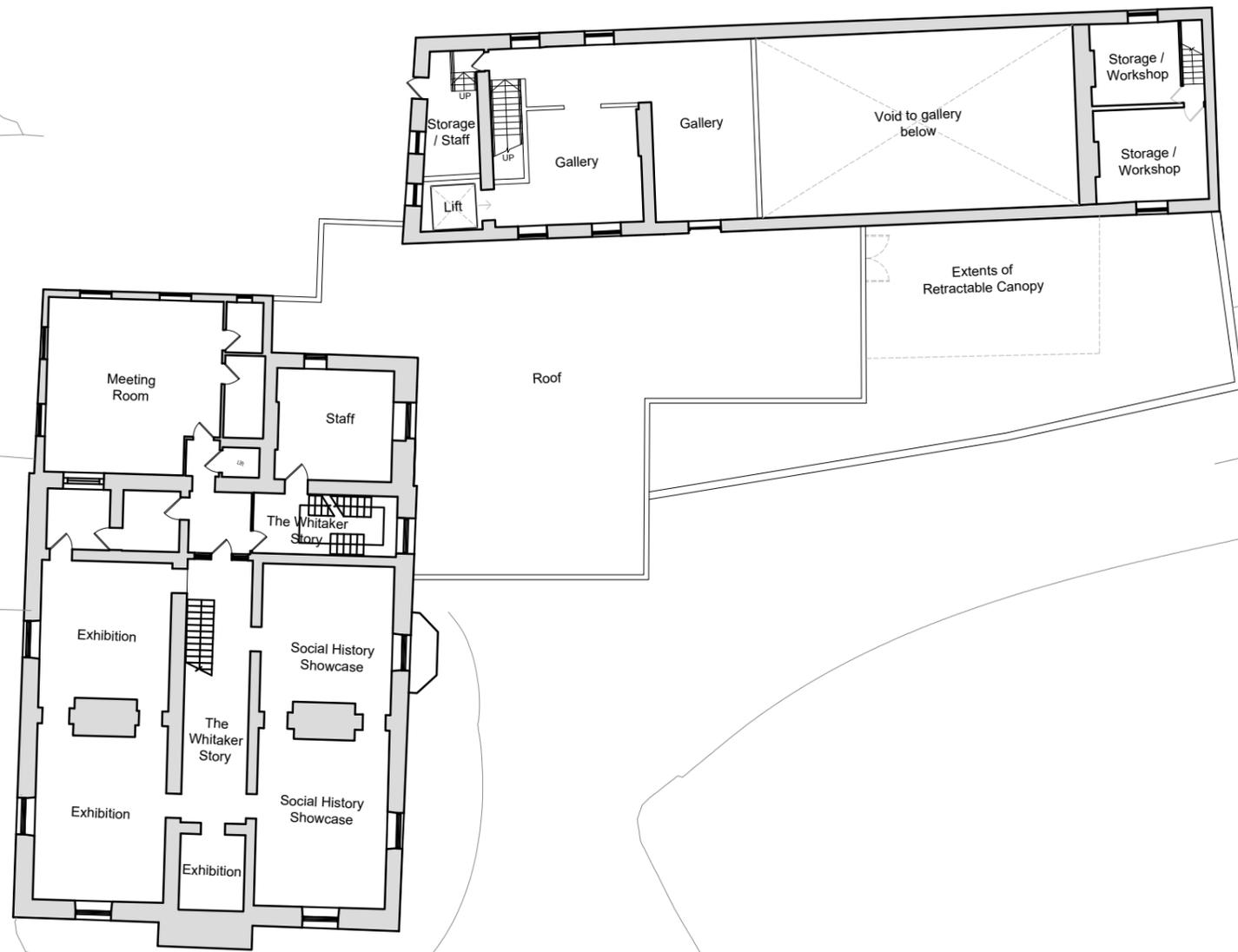
CLIENT The Whitaker
PROJECT The Whitaker Museum & Art Gallery

DRAWING Proposed Ground Floor Plan			
SCALE 1:250	PAPER SIZE A3		
DATE 25.06.18	DRAWN BY RL	CHECKED BY GH	
PROJECT No. 200-14	DWG No. SKETCH ISSUE	REVISION Ø	
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Proposed First Floor Level
1:250

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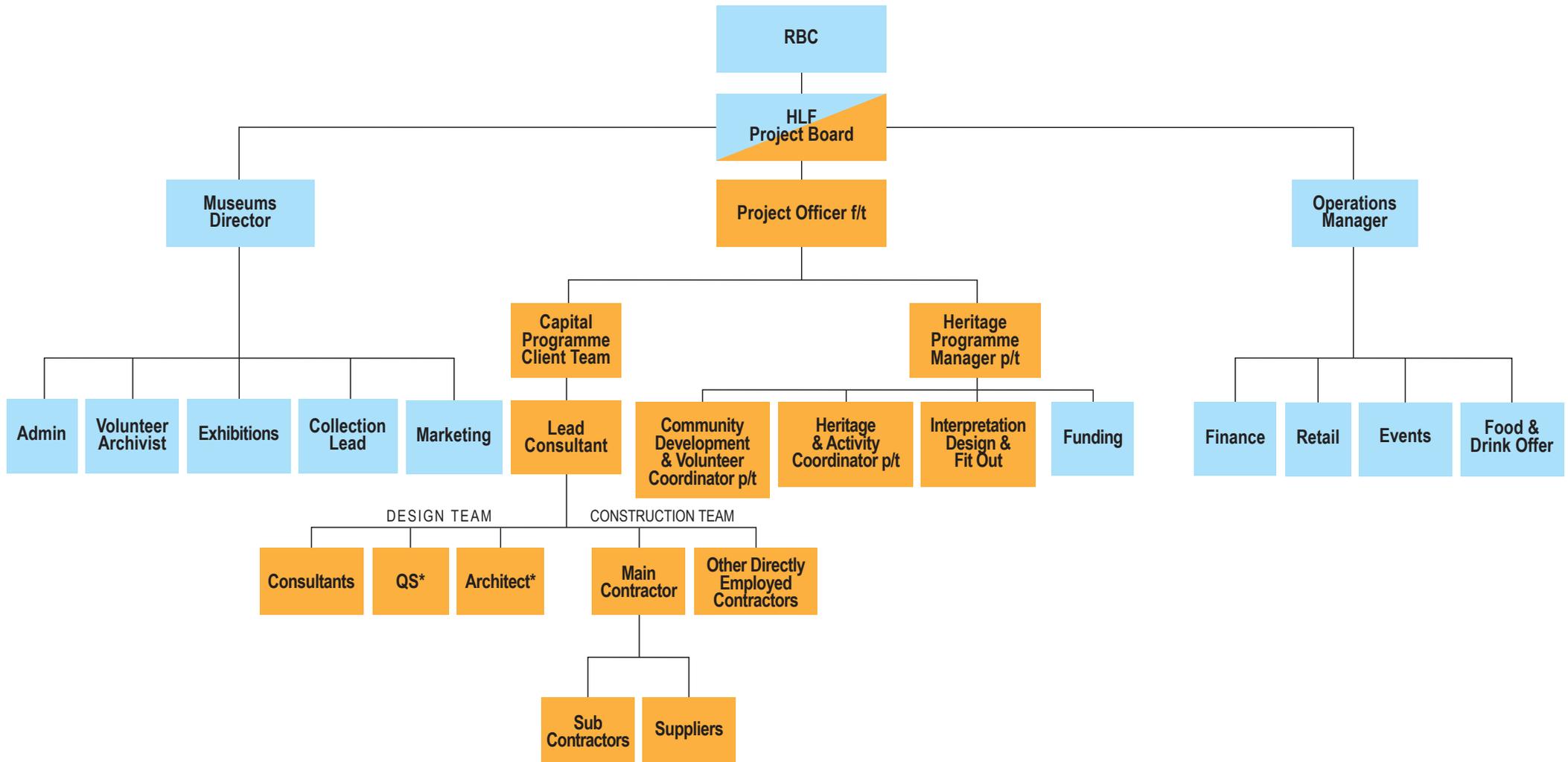
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