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| <b>Decision of:</b>             | <b>EXECUTIVE</b>                                  |
| <b>Decision Number:</b>         | EX12/2017                                         |
| <b>Relevant Officer:</b>        | Alan Cavill, Director of Place                    |
| <b>Relevant Cabinet Member:</b> | Councillor Simon Blackburn, Leader of the Council |
| <b>Date of Meeting:</b>         | 13 March 2017                                     |

## **BLACKPOOL MUSEUM PROJECT- ROUND TWO SUBMISSION**

### **1.0 Purpose of the report:**

- 1.1 To approve the submission of a round two application to the Heritage Lottery Fund (HLF) for the Blackpool Museum Project.

### **2.0 Recommendation(s):**

- 2.1 To authorise the Chief Executive to submit the application and all associated supporting documents, after consultation with the Project Board, to meet the Heritage Lottery Fund deadline of 16 March 2017.
- 2.2 To approve free Museum admission for Blackpool residents as assumed in the operational business plan.
- 2.3 To commit the Council to securing the funding balancing sum from the sources listed in Appendix 3a, to the Executive report.

### **3.0 Reasons for recommendation(s):**

- 3.1 The Heritage Lottery Fund approved a round one grant for Blackpool Council in May 2014 to develop the concept of a Museum for Blackpool. Since this time, the Council has recruited a Museum staff team, procured professional consultants, prepared architectural plans for the Horseshoe and Pavilion areas of the Winter Gardens, developed a concept for the Museum exhibition (see Appendix 3a, to the Executive report), completed a fundraising strategy, business plan and governance model and prepared an activity plan to develop audiences, engage with the community and test programmes for the Museum.

The application and supporting documents have been prepared and need to be submitted to the Heritage Lottery Fund by 16 March to comply with the grant conditions applied by the Heritage Lottery Fund. The application seeks to secure support from the project's major funder to allow for progression of the Museum project.

The project's business plan has now been developed and forecasts a sustainable operation whilst assuming free entrance for Blackpool residents to enable them to take full advantage of the Museum and the opportunities to participate, learn and engage. An objective of the project has always been to enhance civic pride and allow local people to celebrate the town's history and its contribution to popular culture nationally.

Of the total cost of £25.67m for the delivery of the museum, it is hoped that the Heritage Lottery Fund will agree to fund £14.8m. The Council has committed some £2.24m to the project of which £1.2m has been expended as part of the development phase and already has £1.5m of earmarked funding from growth deal. This leaves circa £8m to be found from various sources including charitable donations, philanthropy and other grant sources.

At this stage the project has identified in excess of £23m of potential sources and given the Council's track record of a more than 75% strike rate on applications to such funds it is recommended that the Council is responsible for raising this further £8m from this multiplicity of resources and, in effect, underwrites this position for the purpose of the Heritage Lottery Fund bid.

Any such underwriting would be subject to an approval of the amount requested from Heritage Lottery Fund and further detailed information and, if necessary, approvals from the Council being sought for part of this sum of £8m.

It is therefore recommended that the Council requests the Chief Executive to commit the Council to securing this balancing sum from the sources identified in Appendix 3a, to the Executive report.

|      |                                                                                          |    |
|------|------------------------------------------------------------------------------------------|----|
| 3.2a | Is the recommendation contrary to a plan or strategy adopted or approved by the Council? | No |
|------|------------------------------------------------------------------------------------------|----|

|      |                                                                         |     |
|------|-------------------------------------------------------------------------|-----|
| 3.2b | Is the recommendation in accordance with the Council's approved budget? | Yes |
|------|-------------------------------------------------------------------------|-----|

3.3 Other alternative options to be considered:

None available to progress the Museum project within the current programme and funding streams

#### **4.0 Council Priority:**

##### **4.1** The relevant Council Priorities are:

Priority one - The economy: Maximising growth and opportunity across Blackpool

Priority two - Communities: Creating stronger communities and increasing resilience

#### **5.0 Background Information**

5.1 The Blackpool Museum project sets out to create a new museum which celebrates Britain's love affair with the seaside holiday and Blackpool's contributions to British popular entertainment over the last 150 years. The vision is to create a museum that offers a unique and engaging experience for both traditional and non-traditional museum audiences.

5.2 The Heritage Lottery Fund approved a round one grant for Blackpool Council in May 2014 to develop the concept of a Museum for Blackpool. £13.4m was earmarked for the Blackpool project on the condition that a round two application was submitted to secure the remaining funding.

5.3 Significant progress has been made since 2014 in all areas of design and development. The design teams have developed plans to create permanent and temporary gallery spaces, visitor and staff facilities, learning areas and an immersive, participatory and inclusive experience for all visitors showcasing artefacts, film, music and performance, as outlined in the document at Appendix 3b.

5.4 Following a Heritage Lottery Fund development review in November 2015, the project team were challenged over increasing costs resulting from increased knowledge of the deteriorating building condition, ensuring business continuity for Blackpool Entertainment Company Ltd (BECL), and inflation. An extensive capital cost review was commissioned in 2016 resulting in a value engineering exercise to limit costs whilst retaining the ability to deliver a sustainable museum business to meet the project outcomes. The overall funding envelope of £25.67million was then agreed by the Museum Project Board for the delivery phase.

5.5 A business plan has been developed which assumes a revenue contribution from the Council to the Museum of up to £120,000 per year. This is included within the Medium Term Financial Sustainability Strategy, approved by Executive on 12 September 2016. The Museum will be expected to manage its finances accordingly.

5.6 The Museum is projected to attract 270,000 annual visits with a £2million turnover. In terms of economic benefit the project is expected to generate £12.3m net additional expenditure in Blackpool per year with the creation of 384 additional jobs, 40 as part of the Museum. It has been calculated that 269 of these jobs would be filled by local residents.

5.7 Does the information submitted include any exempt information? No

5.8 **List of Appendices:**

Appendix 3a– Summary of funding position

Appendix 3b – Museum content overview

6.0 **Legal considerations:**

6.1 There are no specific legal considerations at this stage. If the application is successful, the Council's Legal Services team would be full involved to ensure Legal requirements are met.

7.0 **Human Resources considerations:**

7.1 If the application to the Heritage Lottery Fund is successful, additional fixed term roles will be required to deliver the Museum. The project team has been working with the Council's Human Resources team to prepare for this.

8.0 **Equalities considerations:**

8.1 Access and Inclusion guidelines are part of the supporting documents being provided to the Heritage Lottery Fund to demonstrate the considerations made during the design, planning and operations of the Museum programme.

9.0 **Financial considerations:**

9.1 Financial elements relating to the cost of the project and the funding streams are detailed above and in Appendix 3a, to the Executive report.

10.0 **Risk management considerations:**

10.1 The project has a detailed risk register that considers both delivery phase and operational risks. This will be submitted to the Heritage Lottery Fund as part of the round two application, it is also reviewed bimonthly by the Project Manager and regularly presented to the Project Board.

10.2 Identified risk categories include financial, programme, procurement, stakeholder, collections, design and construction. All risks are rated in terms of their likelihood and impact with-controls and mitigations put in place or to be developed to further mitigate the risks.

Key strategic risks;

- Failure to secure Heritage Lottery Fund round two grant - mitigated by: comprehensive suite of detailed supporting documents, financial commitment from the Council, testing with the Heritage Lottery Fund prior to submission.
- Inability to contain costs within capital budget - mitigated by: commissioning a capital cost review to ensure cost confidence by an agreed reduction of scope, and approval of the overall cost envelope by the Project Board; ongoing value engineering; regular reporting to and monitoring by the Project Board.
- Unable to secure additional funding - mitigated by: use of experienced fundraisers and recruitment of Capital Campaign Manager in the delivery phase; continued identification of prospects (currently £23m); establishment of the Blackpool Museum Trust as a charitable vehicle able to fundraise.
- Unsustainable business model - mitigated by: procurement of experienced business planners to develop business model informed by two rounds of primary market research; contribution from the Council as detailed in the Medium Term Financial Sustainability Strategy; rigorous reviews of the model to test assumptions and ensure implementation of the most cost efficient model for both the Museum and the Council; built in capacity to flex and allow for adjustments to be made depending on ongoing operational performance
- Failure to deliver to project programme - mitigated by: realistic programming in early stages, tested by experienced professionals; ongoing review and management of the programme by Project Team and regular reporting to the Project Board

In a large and complex scheme such as this, none of the risks listed above operate in isolation or can be fully mitigated at this point. Ongoing effective risk management will be key to successful project delivery within the budget identified.

## **11.0 Ethical considerations:**

11.1 The project complies with the Council's ethical policy.

**12.0 Internal/ External Consultation undertaken:**

12.1 Extensive consultation has taken place throughout the development phase with local residents and visitors, community groups, arts, heritage and cultural organisations and funders. Two phases of extensive primary research have been carried out to inform the business plan.

**13.0 Background papers:**

13.1 Risk Register

**14.0 Key decision information:**

14.1 Is this a key decision? Yes

14.2 If so, Forward Plan reference number: 13/2017

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

**15.0 Call-in information:**

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 3 March 2017 Date approved: N/A

**17.0 Declarations of interest (if applicable):**

17.1 Councillor Jackson declared a personal interest in the item, the nature of the interest being that he was a Council appointed director of Blackpool Entertainment Company Limited.

## **18.0 Executive decision:**

18.1 The Executive agreed the recommendations as outlined above namely:

1. To authorise the Chief Executive to submit the application and all associated supporting documents, after consultation with the Project Board, to meet the Heritage Lottery Fund deadline of 16 March 2017.
2. To approve free Museum admission for Blackpool residents as assumed in the operational business plan.
3. To commit the Council to securing the funding balancing sum from the sources listed in Appendix 3a, to the Executive report.

## **18.2 Date of Decision:**

13 March 2017

## **19.0 Reason(s) for decision:**

The Heritage Lottery Fund approved a round one grant for Blackpool Council in May 2014 to develop the concept of a Museum for Blackpool. Since this time, the Council has recruited a Museum staff team, procured professional consultants, prepared architectural plans for the Horseshoe and Pavilion areas of the Winter Gardens, developed a concept for the Museum exhibition (see Appendix 3a, to the Executive report), completed a fundraising strategy, business plan and governance model and prepared an activity plan to develop audiences, engage with the community and test programmes for the Museum.

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At this stage the project has identified in excess of £23m of potential sources and given the Council's track record of a more than 75% strike rate on applications to such funds it is recommended that the Council is responsible for raising this further £8m from this multiplicity of resources and, in effect, underwrites this position for the purpose of the Heritage Lottery Fund bid.

Any such underwriting would be subject to an approval of the amount requested from Heritage Lottery Fund and further detailed information and, if necessary, approvals from the Council being sought for part of this sum of £8m.

It is therefore agreed that the Executive requests the Chief Executive to commit the Council to securing this balancing sum from the sources identified in Appendix 3a, to the Executive report.

**19.1 Date Decision published:**

14 March 2017

**20.0 Executive Members in attendance:**

20.1 Councillor Blackburn, in the Chair

Councillors Benson, Cain, Cross, Jackson, Kirkland, Smith, I Taylor and Mrs Wright.

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1 The following non-Executive members were in attendance: Councillors Hobson, Owen and Singleton