

Wiltshire Council

Cabinet

25 September 2018

Subject: Salisbury Museum - Request for Support

Cabinet Member: Cllr Richard Clewer – Cabinet Member for Housing, Corporate Services, Arts, Heritage and Tourism

Key Decision: Yes

Executive Summary

The Council has been approached by The Salisbury and South Wiltshire Museum Trust to support a grant bid from Heritage Lottery Fund. A recent submission for grant was unsuccessful, mainly because the Museum had not been able to demonstrate assured financial backing. To improve its chances of success a fresh application is to be made together with help from the Council.

Proposals

1. Members to give consideration to the request for a pledge of financial support as set out in the report;
2. If the request is approved, then the form of assistance is considered at the end of the two year project preparation period and in the meantime £500k is earmarked from reserves. A further report will be made to Cabinet at that time.
3. If the request is approved, Cabinet is asked to delegate authority to the Council's S151 Officer to:
 - a. approve and enter into a letter of intent or similar document demonstrating the Council's intention to grant or loan up to a maximum of £500,000 for the project; and
 - b. approve and enter into a formal grant agreement or loan agreement at the relevant time in approximately 2 years, up to a maximum of £500,000 for the project and otherwise on the terms set out in this report.

Reason for Proposal

A recent submission for grant was unsuccessful and to improve its chances of success a fresh application is to be made together with help from the Council.

Corporate Director: Alistair Cunningham

Wiltshire Council

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Purpose of Report

1. Salisbury Museum is in the process of bidding for grant assistance from the Heritage Lottery Fund to help finance refurbishment and improvements to exhibitions. In addition to the grant the Museum must carry out a major fundraising initiative. To improve its prospects of obtaining the grant the Museum has asked the Council to pledge support of up to £500k which could be called upon if its fundraising is not successful. This report is to consider the request.

Relevance to the Council's Business Plan

2. Growing the economy, strong communities. If the project proceeds it would link to two of the Council's priorities:

Growing the economy – the Museum has seen an impact of visitor numbers since the Salisbury incident and the expectation is that improvements will increase the appeal of the Museum and bring more visitors to the city;

Stronger Communities – part of the ethos of the Museum is to link with local communities and schools in the area.

Background

3. The Council has recently been approached by The Salisbury and South Wiltshire Museum Trust to support a grant bid from Heritage Lottery Fund. A recent submission for grant was unsuccessful and to improve its chances of success a fresh application is to be made together with help from the Council. The Museum Trust is a company limited by guarantee and is a non-profit making organisation. It is reliant on income generated by visitors to the museum and from fund raising and grants to cover its day to day expenses. It also has some investments that generate a revenue stream to support its expenditure.
4. The total estimated cost of the refurbishment and improvements work is £4.4 million and the bid for HLF grant will be for £3.2 million. The intention of the

Museum is to raise the balance of £1.2 million from fund raising. To this end the Council is being asked to pledge funding of up to £500k in the event of a shortfall in fund raising. This is seen as a crucial aspect of the bid to demonstrate to HLF the commitment to local funding that already exists.

5. Submissions for grant assistance had to be made by the end of August 2018, the final opportunity to bid for funding this year, with the HLF Board deciding on which grants to make in December. The Museum has made its submission and will notify the HLF of the Council's support separately if approved.

6. The request for HLF grant will allow the following to be carried out:
 - A focus on the displays telling the history of Salisbury from the 13th century to the present day;
 - Improvements to the building which is in poor condition, with issues that, if neglected, will have a significant impact on the future of the property and the museum's sustainability;
 - Restoration and development of the King's House;
 - The storage of the collections:
 - Centralisation of the fine art, ceramics, costume and social history collections into one dedicated area, improving management (such as environmental conditions) and access;
 - Bulk archaeological collections to be moved offsite to a store that has been recently acquired.
 - The Salisbury Gallery to be an outstanding permanent exhibition covering 350sq. metres that will tell the story of Salisbury from its foundation in 1220 to the present day;
 - Delivery of a vibrant programme of activities with and for local residents entitled 'My City, My Salisbury'
 - A new dedicated space to form the hub of formal learning in the museum;
 - Improvements to both the environmental controls for sensitive objects and their inadequate security measures;
 - Display loans from national collections in the gallery;

- Physical access to the first floor of the building for people with mobility difficulties;
- Upgrading of catering facilities to support increased visitor demand and corporate hire opportunities;
- Further development of the museum's identity and brand will be essential in reaching a wider audience.

Main Considerations for the Council

7. If the grant bid is successful, the Museum will have two years to work up detailed design plans and contract documents. It will also have this period to carry out its fundraising activities and HLF will provide the services of a professional fund raiser to help with this aim. Past experience of the Museum is that fund raising is only effective when there is a project that will take place within a specific time period, rather than a notion that might happen sometime in the future.
8. To give the bid impetus and also give the Museum some room for manoeuvre the Council is requested to pledge to make good any shortfall in fund raising, up to a maximum of £500k.
9. It has been explained that the Council does not have any specific funds for this type of support now and given the financial outlook this position is unlikely to change in two years. In the event that the Council agrees to the Museum's request and the funding is called on in two years' time, the options available will be to provide a grant or, more likely a loan. The Museum understands the Council's position and its strong preference is not to take on any debt. They have confidence that fund raising will be strong and do not anticipate drawing on the Council's funding commitment. However, if a shortfall does arise the Museum would need to decide at that time how it wishes to proceed.
10. From the Council's viewpoint, if funding is requested a decision would need to be made what the source of funding would be. Additional borrowing is unlikely to be attractive given its direct impact on the revenue budget (loan servicing costs) and currently capital receipts and contributions are fully committed against the capital programme. Therefore, the council should take the prudent step of earmarking £500k from its (limited) reserves now.
11. For information, the Council is in the process of providing a grant of £75,000 to the Museum for the archaeological store at Unit 7 Hurricane Close. It also provides an annual grant of £22,320.

Overview and Scrutiny Engagement

12. The request for assistance has only been received recently and there is a deadline for the submission to the HLF for funding. The matter is expected to be discussed at the next meeting of the Financial Planning Task Group.

Safeguarding Implications

13. None arising from this proposal.

Public Health Implications

14. None arising from this proposal.

Procurement Implications

15. There are no procurement implications for the Council but if the project proceeds the Museum would have to follow procurement rules set out by the Heritage Lottery Fund.

Equalities Impact of the Proposal

16. Part of the improvement works include improved access to the first floor of the building for people with mobility difficulty.

Environmental and Climate Change Considerations

17. None arising from this report.

Risks that may arise if the proposed decision and related work is not taken

18. If the Council is unable to offer support, there is a risk that the improvements to the Museum will not go ahead and as such may affect the medium to long term financial position of the Museum.
19. Other risks, such as keeping costs within budget, will be for the Museum to manage. In the event that a grant or loan is made by the Council to the Museum, the relevant legal agreement would safeguard the proper use of public funds including procurement requirements to ensure value for money (see further Legal Implications section below).

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

20. There are no other risks at this point.

Financial Implications

21. These are the subject of the report.

Legal Implications

22. If Cabinet agrees to support the Museum's request:
 - a. lead officers will instruct Legal Services to draft a letter of intent to be signed by the Council and the Museum. Although this document will set out the Council's intention to support the improvement works by making a grant or loan at the relevant time, it will be clear that the final decision will be subject to the Council's constitutional requirements, policy framework and legislation at that time. The letter of intent will contain indicative templates of the formal grant agreement or loan agreement, but it will be clear that these templates may change and the Council's terms at the time of making the grant or loan will apply.
 - b. lead officers will work closely with colleagues in Legal Services to ensure that any grant or loan complies with European State Aid Regulations and other legal requirements. State Aid Regulations are expected to remain in force after Brexit, requiring prior approval of State aid unless an exemption applies. The potential beneficiaries of State aid here would be the Museum and the contractors which it appoints for the project. Therefore, an exemption for State aid will be required for the Museum. When appointing its contractors, the Museum must comply with procurement law in order to avoid unlawful State aid to its contractors (Legal Services expects this to be sufficiently covered by HLF terms which should extend to cover any Council grant or loan). All legal requirements, including those relating to State aid, will be set out in the formal grant agreement or loan agreement which will be executed at the point of making the grant or loan.

Options Considered

23. The option is whether the Council agrees to the request for support or to decline it. If it is confirmed in two years' time that the Museum requires support, then at that time the Council will decide what form that support will take i.e. loan or grant.

Conclusions

24. An opportunity has arisen for Salisbury Museum for bid for major funding to the Heritage Lottery Fund and to improve its chances of success the Council has been asked to provide support. Like many local authorities, the Council

faces significant financial challenges ahead and Members are asked to consider this request the merit of this request in that context.

Ian Duncan (Interim Director - Finance and Procurement)

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Background Papers

The following documents have been relied on in the preparation of this report:

None