

Cabinet
Council

7th January 2014
14th January 2014

Name of Cabinet Member:

Cabinet Member (Housing and Heritage) – Councillor Ruane

Director Approving Submission of the report:

Executive Director, Place

Ward(s) affected:

St. Michael's

Title:

International Transport Museum

Is this a key decision?

Yes. The potential financial implications for the City Council of the recommendation will exceed £500,000 in providing cash-flow support to Culture Coventry, in advance of receiving full and final payments of approved external grant funding for the planned capital development scheme.

Executive Summary:

The International Transport Museum scheme comprises a significant development of one of Coventry's key cultural assets – Coventry Transport Museum. The scheme will include bringing back into economic use The Old Grammar School, one of Coventry's most important historic buildings, which is currently unused and is on the English Heritage 'At Risk' Register.

The project will re-fresh and further energise the cultural offer and visitor experience at Coventry Transport Museum, enabling the museum to reflect the depth of Coventry's role in pushing the frontiers of transportation manufacturing, whilst at the same time stimulating interest in emerging new technologies. The development will deliver a much-enhanced, ground breaking museum which will build on Coventry's role as a centre of innovation in world transportation to attract new visitors to the City.

Subject to award, on 16th April 2013 Cabinet approved the Council to act as guarantor for the European Regional Development Fund (ERDF) grant contribution for the above scheme. ERDF funding of £3.1m and Heritage Lottery Fund grant of £4.63m have now been secured for the scheme, but the grant may only be claimed retrospectively in phases, on evidence of expenditure. Further to analysis of the grant funding profile and its wider business plan, Culture Coventry has therefore requested that the Council provide cash-flow support for the scheme to enable its successful delivery.

Recommendations:

Cabinet is requested to recommend that Council:

1. Approve the provision of unsecured cash-flow support of up to £2.0m to Culture Coventry for the duration of the works, in advance of receipt of grants for the International Transport Museum scheme.
2. Delegate authority to the Executive Director, Place and Executive Director, Resources in consultation with the Cabinet Member (Housing and Heritage) to approve the profile and timing of cash-flow support to Culture Coventry to successfully deliver the above development scheme.

Council is requested to:-

1. Approve the provision of unsecured cash-flow support of up to £2.0m to Culture Coventry for the duration of the works, in advance of receipt of grants for the International Transport Museum scheme.
2. Delegate authority to the Executive Director, Place and Executive Director, Resources, in consultation with the Cabinet Member (Housing and Heritage) to deliver the profile and timing of cash-flow support to Culture Coventry to successfully deliver the above development scheme.

List of Appendices included:

None.

Other useful background papers:

None.

Has it been or will it be considered by Scrutiny?

No.

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No.

Will this report go to Council?

Yes – 14th January 2014

Report title: International Transport Museum

1. Context (or background)

- 1.1 The International Transport Museum scheme comprises a significant development of one of Coventry's key cultural assets – Coventry Transport Museum. The scheme will include bringing back into economic use The Old Grammar School, one of Coventry's most important historic buildings, which is currently unused and is on the English Heritage 'At Risk' Register. The project will re-fresh and further energise the cultural offer and visitor experience at Coventry Transport Museum, enabling the museum to reflect the depth of Coventry's role in pushing the frontiers of transportation manufacturing, whilst at the same time stimulating interest in emerging new technologies. The development will deliver a much-enhanced, ground breaking museum which will build on Coventry's role as a centre of innovation in world transportation to attract new visitors to the City.

2. Options considered and recommended proposal

- 2.1 Culture Coventry has been awarded £3.1m of European Regional Development Fund grant (ERDF) and £4.63m of Heritage Lottery Fund (HLF) grant to deliver the International Transport Museum scheme. However, these grants may only be claimed retrospectively in planned phases, on evidence of expenditure. Further to analysis of the grant funding profile and its wider business plan, Culture Coventry will require cash flow support for the duration of the works and has therefore requested that the Council support them to enable the successful delivery of the scheme, whilst also maintaining continuity of 'normal' services.
- 2.2 Two options were considered in relation to the financial profile of the scheme:
- 2.3 Option A – Do Not Provide Cash-Flow Support to Culture Coventry (Not Recommended)
The International Transport Museum development scheme would not progress into and through construction phases without cash-flow support being provided by the Council to Culture Coventry. Without cash-flow support, Culture Coventry would be unable to meet the financial requirements of the scheme from within resources, or normal 'business as usual' resources, thereby placing £7.7m of external grant funding and a significant heritage and regeneration scheme for the city at risk. There would be abortive costs already incurred by the scheme that would need to be met, and the opportunities to increase visitor numbers and improve the visitor experience of the museum would be lost. In addition, the Old Grammar School would remain unused and on the English Heritage 'At Risk' Register.
- 2.4 Option B – Provide Cash-Flow Support to Culture Coventry (Recommended)
Culture Coventry has been awarded £3.1m of European Regional Development Fund grant (ERDF) and £4.63m of Heritage Lottery Fund (HLF) grant to deliver the International Transport Museum scheme. By providing cash-flow support to Culture Coventry of up to £2.0m through the duration of the scheme (to 2015), the Council can ensure the programme can progress.
- 2.5 The Old Grammar School would then be brought back into regular use and the scheme would re-fresh and further energise the cultural offer and visitor experience at Coventry Transport Museum.
- 2.6 The International Transport Museum scheme is currently at the stage of tendering for base-build and exhibition fit-out contractors, with a view to site works commencing in March 2014. The ERDF funding is time-limited and financial completion will need to have taken place by 30th April 2015. In order to meet this critical deadline, there can be no break in the project work plan.

2.7 Within the current profile for the scheme, Council cash-flow support to Culture Coventry will be required from April 2014 at an initial level of £0.25m, rising to a peak of £2.0m in January 2015. Full reimbursement of the cash-flow support provided would be anticipated by June 2015 by the retention of grant payments by the Council to repay the cash flow support.

3. Results of consultation undertaken

3.1 During 2012, Coventry Transport Museum undertook an extensive public consultation exercise focused on the future development of the museum, with responses drawn from almost 2,000 people. The exercise centred on a programme of consultation activities designed to gather a significant amount of quantitative and qualitative information from a wide range of audiences and potential audiences. Methods for eliciting views from the public included: questionnaires (onsite and online); observations; face to face and telephone interviews; visitor tracking; pilot activities, and; focus groups.

3.2 Consultation results have already been considered within the design phases of the project. However, consultation has additionally significantly influenced plans for enhanced community engagement with the museum.

3.3 The project will create opportunities for local residents to increase their engagement with cultural environments, building confidence and improving employability. There will be a particular focus on engaging communities that traditionally have low levels of cultural engagement – including driving up visitors from disadvantaged areas of the City through:

- Recruitment and capacity building of volunteer gallery explainers to interact with visitors
- Recruitment and capacity building of volunteers to deliver new visitor tours of the museum and the Old Grammar School.
- New community outreach activities for families in disadvantaged wards
- The development and delivery of a new co-production project called Multi-Sensory Memories to work with blind, visually impaired, deaf and hearing impaired groups to collect memories as part of the new interpretation of the Museum's commercial vehicle collection.
- A series of programmes interpreting Coventry's vehicle and manufacturing heritage as well as practical programmes such as bicycle maintenance.
- An oral history project with BAME communities to represent Coventry's diverse communities.
- A community curated exhibition in the Old Grammar School, reflecting on local people's memories of this important local building.

4. Timetable for implementing this decision

4.1 Within the current profile for the scheme, Council cash-flow support to Culture Coventry will be required from April 2014. Full reimbursement of the cash-flow support provided would be anticipated by June 2015.

5. Comments from Executive Director, Resources

5.1 Financial implications.

Council has approved to act as guarantor for £3.1m ERDF grant for the museum extension scheme. This, and HLF grant of £4.63m (claimed directly by CTM) have now been secured, but the grant may only be claimed retrospectively, in phases, and on evidence of spend. Analysis of the likely project spend, grant funding profile, and the Trust's wider business cash flows indicate that the organisation will require cash-flow support to enable its successful delivery, and to maintain normal services. Depending on the actual spend profile, and time to claim and receive grant, the support required could be up to £2m. This is after using the Trust's own 'business as usual' grant monies and any reserves first.

The proposal will result in an interest free unsecured loan to Culture Coventry of up to £2m for the duration of the build project. Repayments will be recovered from future grant payments, therefore the arrangement will be cost neutral, other than the interest forgone. Based on the indicative support requirements, it is estimated that this will be up to £7k in total.

Actual cash required will be monitored by Council officers with the trust to ensure that the loan value is minimised, whilst ensuring service continuity is maintained.

5.2 Legal implications.

The Council can provide loans and grants for recreational facilities within its area under section 19 of the Local Government (miscellaneous provisions) Act 1976.

Subject to approval, heads of terms for the loan will be agreed and put in place with the trust referring to the above power and interest rate and repayment terms as described in the financial implications of this report.

Other implications

N/A.

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The recommended proposal will enable the International Transport Museum development scheme to progress, delivering a much-enhanced, ground-breaking museum which will build on Coventry's role as a centre of innovation in world transportation to attract new visitors to the City. It will therefore contribute to the Council's core aims to:

- *Make Coventry an attractive and enjoyable place to be* – by significantly enhancing the current cultural offer for the City through regenerating two brown-field sites, upgrading five museum exhibition galleries, relocating the shop, creating a new, improved museum entrance/orientation space and new community engagement spaces. The scheme will also restore the 12th Century Old Grammar School, adjacent to Coventry Transport Museum, to create new exhibition and multi-purpose event space for the Museum.
- *Ensuring that children and young people are safe, achieve and make a positive contribution* – through the ongoing and significantly enhanced educational and community cultural offers of the Museum.
- *Encouraging a creative, active and vibrant city* – by enhancing access to, and presentation of, the Museum's collections, expertise and services.

- *Developing a more equal city with cohesive communities and neighbourhoods* – educational and cultural experiences and events are widely recognised to positively bring communities together and to contribute to developing and defining a sense of place. Enhancing the educational and cultural offer currently provided through the Museum secures the positive benefits to communities presented by the uniqueness of the city's heritage and cultural offer.
- *A prosperous Coventry* – the scheme will present opportunities for local employment and training. In addition to the jobs output required as part of the ERDF funding agreement, there is also a clause within the build contracts that the Trust and the contractor are to maximise the opportunities for local employment and training and create opportunities for local contractors, together with proposals to maximise local supply chain opportunities. It is further anticipated that the enhanced and extended museum will create 3.6 direct new jobs at Coventry Transport Museum by June 2015.

6.2 How is risk being managed?

The International Transport Museum development is being overseen by Culture Coventry. Culture Coventry is managed through an independent Board, with five Council Elected Members holding positions on the Board (including the Chair of the Business, Economy and Enterprise Scrutiny Board (3) who is the Deputy Chair for Culture Coventry).

A Project Board for the development scheme has also been established, with Council officer representation from City Centre and Development Services and Finance Services. Focus Consultants provide regular Project Status Reports to the Board which include a review of the programme, review of risks and financial updates.

Project support for the Council's role as guarantor of the ERDF grant is provided through officers from within City Centre and Development Services. Strategic support and governance for core grant for Culture Coventry is also provided through the Sports and Arts Service within City Centre and Development Services.

6.3 What is the impact on the organisation?

The proposal will require Council officers to continue to attend regular Project Board meetings and to additionally monitor cash flow and resource requirements for Culture Coventry in accordance with delegated authorities and approved levels of cash-flow support to be provided.

6.4 Equalities / EIA

A key goal of the Cultural Trust Review and transfer of museum and gallery services to Culture Coventry on 1st August 2013 was to protect and, where possible, enhance the cultural offer for visitors and customers of the city's museums and cultural destinations. The recommendation within this report does not constitute a change in service or policy therefore no additional equality impact has been undertaken.

6.5 Implications for (or impact on) the environment

None directly, as the recommendation relates to the provision of cash-flow support to an external partner. However, the wider development scheme will enable the regeneration of two brownfield sites, will enable enhancements to existing infrastructure at the Coventry Transport Museum and will secure the future of the 12th Century Old Grammar School, converting it from an 'at risk' building to one with regular, economic use by 2015.

6.6 Implications for partner organisations?

A key goal of the Cultural Trust Review and transfer of museum and gallery services to Culture Coventry on 1st August 2013 was to protect and, where possible, enhance the cultural offer for visitors and customers of the city's museums and cultural destinations. The recommendation within this report supports the development and enhancement of the cultural offer in line with the review outcomes and presents significant opportunities for growth for the trust.

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