
Cabinet Member for Housing and Communities

11 June 2021

Name of Cabinet Member:

Councillor David Welsh - Cabinet Member for Housing and Communities

Director Approving Submission of the report:

Director of Business, Investment and Culture

Wards affected:

All

Title: Acceptance of grant funding from the National Lottery Heritage Fund towards the project to transform St Mary's Guildhall.

Is this a key decision?

Yes - the proposals involve financial implications in excess of £1m per annum and are likely to have a significant impact on residents or businesses two or more electoral wards in the City.

This report has been brought to the meeting of the Cabinet Member in accordance with the provisions of paragraph 2.3.2(c) of Part 3F of the Council Constitution.

Executive Summary:

In February 2020, Cabinet approved up to £3 million capital support for a £5.6m project comprising improvement works to St Mary's Guildhall and the associated planned improvements to interpretation and public engagement activities.

This funding was approved to be financed through prudential borrowing to bridge any gap after other fundraising had been undertaken. The Council has since successfully achieved £1.6m funding received from the Get Britain Building Fund and raised £2.2m funding from the Department for Culture, Media and Sport.

The Council was successful in its Stage One application for £78,000 from the National Lottery Heritage Fund, which enabled officers to develop a Stage Two application for revenue and capital funding. The Council has now been offered the full amount requested from the National

Lottery Heritage Fund of £1.423m, reducing the need for borrowing. This report seeks approval to accept the National Lottery Heritage Fund grant, to support both the capital and revenue elements of the project, along with the delegations necessary to implement this decision.

Recommendations:

The Cabinet Member is requested to:

1. Accept the award from the National Lottery Heritage Fund for £1.423m towards the St Mary's Guildhall capital project and operational plan, together with the terms and conditions attached to the grant.
2. Delegate authority to the Director of Business, Investment & Culture, following consultation with the Director of Law & Governance, and the Director of Finance to negotiate, complete and seal such legal documents as are necessary to give full effect to the decision.

List of Appendices included:

None

Background papers:

- Grant offer letter from National Lottery Heritage Fund 14 December 2021

Other useful documents

- UK City of Culture 2021 Capital Programme – Approval to receive and be accountable body for additional capital funding for the Cultural Capital Investment Fund - Cabinet Report (August 2018)
- Business, Economy and Enterprise Scrutiny Board (3) – St Mary's Guildhall (November 2018)
- Budget Report 2020/21 – Cabinet Report (February 2020)
- Business, Economy and Enterprise Scrutiny Board (3) – St Mary's Guildhall Transformation Project (March 2020)
- Cabinet Member for Jobs and Regeneration (June 2020) – St Mary's Guildhall Capital Project (Report of the Director Business Investment and Culture)

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?

No

Acceptance of grant funding from the National Lottery Heritage Fund towards the project to transform St Mary's Guildhall.

1. Background

- 1.1 St Mary's Guildhall is a Grade One listed fourteenth century guildhall, located in the city's historic Cathedral Quarter. First built in the 1340s for the merchant guild of St Mary, it was enlarged between 1394 and 1414 and extensively embellished at the end of the fifteenth century. Soon after it was built, it was also adopted as the headquarters for the Mayor and city leaders, and the corporation of Coventry remained here until the early twentieth century, when Coventry's present Council House was built. The building still occupies a central role in the civic calendar and is home to one of the rarest and most important tapestries in the country.
- 1.2 Whilst the guildhall is one of the city's greatest cultural assets, at the heart of the Cathedral Quarter, it is currently under-utilised in terms of public heritage value, and it does not reach its full potential as a visitor attraction. At the same time, it has not been able to cover its operating costs.
- 1.3 In 2020, the Council approved a project to ensure the Grade I listed Guildhall plays a significant role in celebrating the City of Culture 2021, becoming a successful year-round visitor attraction, underpinned by a robust financial model.
- 1.4 Capital refurbishment plans have been approved and are in the construction phase. Improvements to St. Mary's Guildhall are required to improve its events, conferencing and wedding facilities, and enable the Council to provide an enhanced visitor offer with a new activities programme and a full education package for schools and further and higher education. The business plan submitted to the National Lottery Heritage Fund, is dependent on an improved commercial offer for weddings, events and meetings, together with a facilitated education programme and guided tours. The Council will continue to book and use the hall for some civic functions.

2. Options considered and recommended proposal

2.1 Option 1 – Accept the grant of £1,423m from National Lottery Heritage Fund (recommended).

This will reduce the requirement for prudential borrowing for capital works cost and provides support to develop the guildhall into a first class heritage visitor attraction, underpinned by commercial activity from events and hospitality, providing revenue funding for activities and programmes in the initial period. Regular briefings will be brought to the Cabinet Member to provide assurance on progress of the works and effectiveness and viability of the proposed operating model.

2.2 Option 2 – Do not accept the grant (not recommended).

Capital works can still be completed as approved in the budget, but St Mary's Guildhall will need to reach a higher income target to repay the significant prudential borrowing. There will be no additional revenue support for developing a visitor attraction and the full value of this significant heritage asset will not be realised. The operating deficit would require funding (from the Council or other funders) which has not been identified, or alternatively, a more commercial business model with increased focus on profitable income streams would be required in order to meet the aims of the project to address the operating deficit.

3. Results of consultation undertaken

- 3.1 Consultation was undertaken as part of the development phase (Stage 1) of the National Lottery Heritage Fund application in Summer 2020. Due to restrictions related to COVID-19 this was an online consultation which included online focus groups and one to one in depth interviews with community and special interest groups, teachers and higher and further education staff and businesses. Public consultation with 200 respondents to an online survey and detailed discussion with hard to reach groups and project beneficiaries which has informed the Activity Plan which forms part of the grant-funded proposal. Additional questions were asked about COVID-19 and expectations for re-opening the Guildhall in 2021.

4. Timetable for implementing this decision

- 4.1 This grant needs to be accepted as soon as possible to allow for “Permission to Start” from the National Heritage Lottery Fund before the expiry of grant offer on 14 June 2021, and to maintain the timetable for the capital project and revenue activities set out in the grant application.

June 2021 – Accept award and receive Permission to Start from National Lottery Heritage Fund with before grant offer expiry date 14 June 2021.

June 2021 – Award interpretation contract and commence works on fitting out the Guildhall

December 2021 – Completion of works St Mary’s Guildhall

December 2021 – Opening to the public

5. Comments from Director of Finance and Director of Law and Governance

5.1 Financial implications

Historically the guildhall has operated with a trading loss which currently stands at £220k annually. This is unsustainable. A recent building condition survey has also identified repair cost liabilities of £700k. The recommendations in the report would improve both the cultural and commercial offers of the guildhall, such that it would have the ability to achieve new income streams as a result, sufficient to recover its current subsidy. The building condition cost liabilities would also be resolved. The additional funding support from the National Lottery Heritage Fund reduces the requirement to fund prudential borrowing debt. The National Lottery Heritage Fund bid requires the Council to retain some of the surplus from the operation of the guildhall in an earmarked reserve to fund future maintenance and the periodic refreshment of the heritage offer. Match funding required for the National Lottery Heritage Fund award does not present a risk or pressure to the current capital project or longer-term revenue operations as it will be found from sources already secured for the project.

5.2 Legal implications

- 5.2.1 s1 Localism Act 2011 gives the Council a general power of competence and as such the Council has the power to receive grant funding and enter into a grant agreement. Under s111 of the Local Government Act 1972 the Council has power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or

incidental to, the discharge of any of its functions. s145 of the Local Government Act 1972 also provides the Council with the power to do, do, or arrange for the doing of, or contribute towards the expenses of the doing of, anything necessary or expedient for the development and improvement of the knowledge, understanding and practice of the arts and the crafts which serve the arts.

6. Other implications

In accepting this award, the Council is bound by the terms, which include the requirement to deliver against the Activity Plan and business plan submitted with the grant application.

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

The proposals set out in this report will enhance a key city centre asset, supporting the Council's aim to "Develop the City Centre for the 21st century by bringing the city centre to life with a range of employment, leisure, education and retail opportunities".

They contribute directly to the aim of "Raising the Profile of Coventry through promoting Coventry as a visitor destination" by improving the heritage offer for visitors and assisting the promotion of the historic Cathedral Quarter. Through the funded Activity Plan, the project will support the aim of "Reducing the Impact of Poverty by increasing access to cultural opportunities.

6.2 How is risk being managed?

A detailed risk management plan is in place for the St Mary's Guildhall project, reported to and monitored through the corporate Capital Project Board. The decision recommended in this report will reduce risk to the Council by reducing the requirement for prudential borrowing to support this project, as described above.

6.3 What is the impact on the organisation?

Accepting the award from the National Heritage Lottery Fund will require the Council to ensure that the future civic use of the guildhall, including use of the meeting rooms and the ceremonial use of the Great Hall, is managed effectively within the broader business plan in order to meet income targets for the operation.

6.4 Equality Impact Assessment (EIA)

An equalities impact assessment was completed and attached to the Cabinet Member decision report dated 3 June 2020 which gave approval for the application to the National Lottery Heritage Fund for this funding.

6.5 Implications for (or impact on) climate change and the environment

The biggest potential impact on climate change and the environment at St Mary's Guildhall will be the impact of greater visitor footfall and use of the site. A maintenance and management plan will be adopted for the St Mary's Guildhall site that builds on the energy efficiencies built into the capital project. The operation of the site supported by the funding will seek mitigate the impact of greater travel to the site and increased use of the site. The plan sets out to continue to deliver behaviour changes to improve environmental performance in several ways including working with other heritage and cultural sites to co-ordinate school and group visits to two or more site reducing travel and energy use;

influencing behavioural change by communicating to visitors how the Guildhall is adapting the climate change and environmental measures used on site.

6.6 Implications for partner organisations?

The successful delivery of the Activity Plan attached to the grant requires close working with other heritage providers in the Cathedral Quarter to investigate joint education and events programmes.

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