

<b>Subject:</b>	Whitaker HLF/ NLHF Update	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	17 <sup>th</sup> July 2019
<b>Report of:</b>	Director of Economic Development	<b>Portfolio Holder:</b>	Leader/Leisure and Tourism
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required: No	Attached:	No
<b>Biodiversity Impact Assessment</b>	Required: No	Attached:	No
<b>Contact Officer:</b>	Guy Darragh	<b>Telephone:</b>	01706 252568
<b>Email:</b>	guydarragh@rossendalebc.gov.uk		

<b>1. RECOMMENDATION(S)</b>
1.1 For members to note the successful award of National Lottery Heritage Funding to Rossendale Council for the stage 2 expansion of the Whitaker Museum.
1.2 Council to authorise the Whitaker CIC to become joint grant applicants with Rossendale Council subject to a side agreement being signed by both parties that allows Rossendale Council to retain control for decisions involving project management or finance. Council delegates authority to the content and signing of the agreement to the Legal Services Manager (Monitoring Officer).
1.3 Council to approve up to £75k in capital expenditure in order to facilitate the relocation and refurbishment of a new parks and open spaces depot facility.

## 2. PURPOSE OF REPORT

- 2.1 To update members on the Whitaker NLHF delivery stage 2.
- 2.2 To seek members approval for the Whitaker CIC to become joint grant applicants with Rossendale Council subject to a side agreement following advice from the NLHF.

## 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

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

- 4.1 Risk that the Whitaker CIC does not agree to the proposed side agreement to enable control to reside with the Council: this would mean that the Council could not enact project start-up until the governance issue has been resolved. This would result in considerable delay to the

project's delivery.

- 4.2 Risk that after project start-up there is an unresolved issue between the two partners: in these circumstance the side agreement would enable the delegated Council Officer/ Member to make the decision on issues of project management or finance.
- 4.3 Risk that the project budget is exceeded: the project has been fully costed using recognised architectural standards and appraised by a professional quantity surveying company so the risk has been minimised. If it did occur then the Project Manager would raise a highlight report to the Project Board or Board of Management as appropriate for resolution of the issue.
- 4.4 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 webpage. Based on previous experience this is likely to produce a large number of applicants.
- 4.5 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 was commissioned which demonstrates viability. This has been analysed by the Council's Finance section as well as the Whitaker's accountant using stress test methodology.
- 4.6 Risk of Project Manager 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 Whitaker Museum**

The Whitaker is a crucial part of Rossendale's cultural, heritage, arts and tourism offer. The partnership with the Whitaker Community Interest Company (CIC) is strong and successful. It supports the Council's Economic Development Strategy: priority four leisure and tourism. The museum raises the profile of Rossendale and adds value to the visitor, culture and creative industries sector. The museum has stated that 36,000 visitors were estimated in 2018, an increase on the previous year and making it one of the borough's leading leisure and tourism destinations. The Whitaker continues to receive acclaim both locally, regionally and nationally and has won a host of awards.

The reputation for quality food and service continues to grow and this is complemented by the increasing number of events and activities, external touring exhibitions as well as rotational displays of the Council's collection.

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 Council's decision to end the Management Agreement with the Council in 2013 and Rossendale Council's continued support for the facility. Further details of the museum arrangements are set out in the background paper - July 2018 Council report.

### **5.2 Expansion plans**

In order to see the museum reach a much wider audience and grow, the Council has been working in partnership with the Whitaker CIC to develop plans to expand into the adjacent barn and stables building. The site is currently used by the Council's Parks and Gardens team mainly to store equipment, which will be relocated to an alternative site. The development will represent a major enhancement of the venue and greatly expand the number of events and

activities that can take place. The expansion 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 and across the valley.

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

### 5.3 Key benefits of the Whitaker NLHF 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. This will result in:

- 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

### 5.4 NLHF

NLHF grants operate on a two stage process; development phase (stage 1) where the concept and detailed plans are developed and the delivery phase (stage 2) which sees implementation of the proposals.

The Council secured funding for the development phase in Summer 2017 with the award of £100,000 in Heritage Fund grant assistance and Rossendale Council match funding. In this stage, detailed architectural designs, professional services reports, planning permission, consultation, audience development and interpretation plans have been produced. An application to NLHF was made in late 2018 for £1.7m of funding with £189,950 of Rossendale Council match funding, with in kind contributions the total project cost is circa £2m. It was announced in late June 2019 that this bid was successful and we have been invited to enact project start-up which will last until December 2021, with the building work expected to be completed by autumn 2020.

### 5.5 Project governance

The project was structured based upon original NLHF guidance and this influenced the July 2018 Council report to allow for a seamless transition from the stage one development to the stage two stages of the project. The approved structure was with Rossendale Council and the Whitaker CIC sharing areas of responsibilities and work areas; this was to be managed through a Project Board and the Whitaker Board of Management. Whilst every effort would have been made to ensure that consensus decisions were made, in the event of a dispute between the partners Rossendale Council would as the lead applicant have been able to make the final decision on matters. This is important to Rossendale Council as we have significant match funding involvement as well as need to safeguard against possible claw back and legal liabilities in the event of a grant default.

### 5.6 New NLHF structural advice

NLHF have recently advised that as the Whitaker CIC have a 25 year lease on the premises, it is now necessary for them to become joint grant holders as Rossendale Council has passed

over control of the building. This raises several governance and risk issues as Rossendale Council will no longer be able to make the final decision relating to finance and project management and risks stagnation in the event of no consensus decision being reached between the two equal partners. To compensate for this, discussions have been held with the Whitaker CIC and the following has been agreed:

#### **5.7 Changes required in order to protect the Council**

Whitaker CIC and Rossendale Council to enter into a side agreement that confirms that control relating to project management or finance remains with the Council. The side agreement will ensure that the governance structure and roles and responsibilities will remain largely as per the NLHF grant application and July 2018 Council report. Whitaker CIC to become joint grant holders with the Council making them jointly legally responsible for the application.

### **COMMENTS FROM STATUTORY OFFICERS:**

#### **6. SECTION 151 OFFICER**

6.1 The MTFs assumes a reduction in the current grant and utilities support of £90k pa to £70k pa as from 2021/20. Continued financial support is anticipated whilst the new facility establishes itself to become financial positive over the medium term.

6.2 The Barn and Stables are currently used by the Parks and Open spaces team as an operational depot for, amongst other things: the storage of vehicles, materials, stores and equipment, welfare facilities, storage of fuel, etc. New depot facilities will therefore be required. Currently the only suitable sites within the Councils ownership are:

- Heys Industrial Units – however, this would lead to the loss of up to c£28k pa in income.
- Haslingden Cemetery (rear compound) – this is likely to require up to £75k capital refurbishment, albeit, this cost may be spread over a number of years to be decided. Full costing and design is currently in progress.

6.3 Whilst the Council will act as accountable body for the grant funding there will be joint and several liability with the Whitaker for the grant outputs as detailed in the grant funding agreement. However, given the financial standing of our two organisations, the consequence of non-delivery of outputs will fall on Council.

#### **7. MONITORING OFFICER**

7.1 The relevant grant funding agreement and side agreement will need to be entered into to ensure robust governance arrangements are in place for the successful delivery of the project. The NLHF will require a charge on the Council's land securing the grant and this will be entered upon signing of the necessary legal agreements. Continued due diligence will continue throughout the project to ensure compliance with the grant terms.

#### **8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

8.1 An EIA initial assessment has been undertaken and it has been identified there are no disproportional impact and a Full EIA is not required. There is potential benefit for the wider community and as part of the development and implementation of the project ongoing consideration will be given specifically to equalities and associated equality duties.

8.2 Consultation has been undertaken with the NLHF, Legal Services and directors of Whitaker CIC.

## 9. CONCLUSION

- 9.1 For members to note the successful award of National Lottery Heritage Funding to Rossendale Council for the stage 2 expansion of the Whitaker Museum.
- 9.2 Council to authorise the Whitaker CIC to become joint grant applicants with Rossendale Council subject to a side agreement being signed by both parties that allows Rossendale Council to retain control for decisions involving project management or finance. Council delegates authority to the content and signing of the agreement to the Legal Services Manager (Monitoring Officer).

Background Papers	
Document	Place of Inspection
Whitaker Heritage Grant Report to Council 6 <sup>th</sup> July 2016	<a href="https://www.rossendale.gov.uk/meetings/meeting/951/council">https://www.rossendale.gov.uk/meetings/meeting/951/council</a>
Whitaker HLF – delivery phase (round2) report to Council 11 <sup>th</sup> July 2018	<a href="https://www.rossendale.gov.uk/meetings/meeting/1096/council">https://www.rossendale.gov.uk/meetings/meeting/1096/council</a>