

Executive Report

Ward(s) affected: Holy Trinity

Report of Director of Environment

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## **Guildford Museum development project – update**

### **Executive Summary**

The development of a new museum is a transformational project of substantial cultural impact and influence aimed at making a significant positive contribution to Guildford's attraction as a place to live, work, play, and be creative.

Since the previous report to the Executive in March 2019, work has continued to refine the project scope, reduce risk and cost uncertainty, and develop a funding strategy to deliver the scheme.

The project is currently at RIBA stage 2 with considerably more technical input required and a detailed design to be developed to take us to RIBA 4 which will give us greater cost certainty. These factors are reflected in the current high cost estimate that includes a £3million contingency allocation.

The Council has approved £1.2 million to progress the project to RIBA Stage 4 and there remains a further £5.4 million in the provisional budget as a contribution to the total estimated cost of £18 million.

An 'Expression of Interest' for funding of up to £4 million has been made to the National Lottery Heritage Fund (NLHF) in August 2019. If we meet NLHF's criteria, we will be invited to submit a full funding application in October 2019 and be notified of the result in March 2020. We then intend to seek additional external funding during 2020-21 and will begin implementing the organisational structures to optimise the fundraising efforts. This will include setting up a charitable entity to apply for and manage other funds and the establishment of a Fundraising campaign team.

To facilitate the project, the museum will need to retain its accredited status by applying to Arts Council England. The Museum Accreditation Scheme is the UK industry standard for museums and galleries. The standard demonstrates that the museum complies with best practice to protect the collection for the future.

As part of the process, we need to submit up-to-date policies and plans that have been

adopted by the Council. To date Officers have updated the Museum's Forward Plan, Collections Development Policy, Documentation Policy and Access Policy to ensure that they meet the accreditation requirements and are aligned with the aspirations of the new museum.

Building new partnerships and collaborations is a key part of this project and, to date, has included the University of Surrey, Surrey Archaeological Society, Surrey Infantry Museum Regiment, Friends of Guildford Museum, Guildford Heritage Forum, other local heritage attractions, the Carrollian Wonderland Trust and local satellite/gaming companies.

### **Recommendation to Executive**

That the Executive:

- (1) Approves the revised scope of the project
- (2) Approves the Funding Strategy and appointment of fundraisers to implement the strategy
- (3) Delegates authority to adopt policies required for the Museum Accreditation to the Director of Environment in consultation with the Lead Councillor.
- (4) Confirms its support for the applications to National Lottery Heritage Fund (NLHF) and other funding bodies as they arise.
- (5) Authorises the Director of Environment to prepare an asset disposal strategy for Castle Cottage and 39 Castle Street (Victorian School Room) and to ring-fence the capital receipts from the disposal to pay for the museum redevelopment.
- (6) Approves the establishment of a registered charity to facilitate fundraising and receive donations from Trusts and other funders

### **Recommendation to Council (8 October 2019):**

- (1) That a capital supplementary estimate of £11.8million to be funded by external grants and contributions from NHLF and other private trusts and donors as per the funding strategy, be approved.
- (2) That the Council agrees to underwrite the non-NHLF fundraising target of £7.8million and notes the risks associated with doing this as set out in paragraph 8.16 of this report, in particular to agree that if there is a shortfall in external funding then the Council will need to fund it from general fund borrowing and find additional service savings in order to fund the borrowing costs.

#### Reason for recommendation:

To inform the Executive of the work undertaken since March 2019, enable the museum to gain re-accreditation and explain the next steps with regards to fund raising, architectural and technical designs, audience development programme and Planning.

## **1. Purpose of Report**

- 1.1 To update the Executive on progress of the museum development project and gain further approvals to support future work.

## **2. Strategic Priorities**

2.1 The museum development project supports the Council's Corporate Plan 2018 – 2023 theme of Enhancing Sporting, Cultural, Community and Recreational facilities by:

*“Developing Guildford Museum as a Vibrant Visitor Attraction”.*

2.2 The economic strategy for 2013 - 2031 aims for Guildford to be a *“town and borough with strong infrastructure; world-class businesses with capacity to expand and deliver growth: an evolving and vibrant economy, which creates a progressive and sustainable environment for people today and for future generations living in an ever-improving society.”*

2.3 The project is an opportunity for the Council to deliver a once in a lifetime cultural landmark that will enhance Guildford's attraction as a place to live, work, play and be creative. Other examples where such projects have transformed towns include the Turner Contemporary in Margate, Jerwood Gallery in Hastings, Hepworth Art Museum in Wakefield and the Lightbox in Woking. These institutions, referred to as ‘anchors’, attract inward investment and focus regeneration to a locality.

2.4 There is an ambition to attract a wider audience to the museum by reaching out to local, national and international visitors to bring economic benefits to the town and complement Guildford's status as the regional centre for Surrey. Guildford already attracts 3 million visitors a year that contribute £330million to the local economy and this new development will increase Guildford's attractiveness during a period when town centres generally are seeing a decline.

2.5 The development of the museum also supports the Council's Art Development Strategy 2018-2023 by increasing:

“opportunities for residents to enjoy and co-create arts activity, reaching more people who are not yet taking part”

2.6 At its meeting in March 2019, the Executive agreed that the new museum should celebrate the creativity and innovation of Guildford supported by stories of

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Guildford Museum will:

- e • celebrate the story of Guildford and its regional, national, and global
- r impact, on site and online
- e • be a focus for community engagement and outreach into the Borough
- s and County
- t • be a place for learning and creativity
- i • be a cultural hub for Guildford, and the Borough

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g people and their achievements. The agreed Vision is that:

### 3. Background

- 3.1 The Council has had long standing commitment to improving the Museum. This goes back to February 2005 when the Executive agreed to review the Museum to develop an action plan for its improvement.
- 3.2 The number of visitors to Guildford Museum continues to fall however (17,689 in 2006-07 to 9,462 in 2016-17). This was due to poor quality display of the exhibits, inadequate facilities and a lack of changing exhibitions.
- 3.3 Stuart Davies Associates were commissioned to review the situation in 2016 and produced a report entitled 'An approach to Museum development'. This evidenced that Guildford, because of its demography and historical importance, ought to have a substantially better modern museum of regional importance. Such an asset would be a catalyst for wider economic and cultural benefit beyond Guildford town.
- 3.4 In April 2016, the Executive agreed:

“that a feasibility and costing report be commissioned for the proposed new build extension to the current Museum buildings and that the vision of developing an updated and exciting museum offering at that site be approved”
- 3.5 During 2018-19 extensive preparatory work was undertaken. This included developing a Vision, Business Plan, Activity Plan, Interpretation Plan, stakeholder engagement initiatives and Architectural Concept and Feasibility designs.
- 3.6 The intrinsic link of Guildford’s two major heritage assets, the castle grounds and the museum were developed further in the architectural plans by ZMMA. The concept design in Fig 1 illustrates how linking with the Castle could be achieved through orienteering the main museum entrance to face the Castle.
- 3.7 Fig 1 Proposed new museum and link to the castle grounds



- 3.8 A further report to the Executive in March 2019 resulted in agreement that:

- 1) The project be progressed to RIBA stage 4
  - 2) Officers explore external funding opportunities including the NLHF.
  - 3) A fundraising officer be appointed.
  - 4) £1,200,000 be transferred to the approved capital programme to fund the required work.
  - 5) A review of the existing contracts with consultants be undertaken to ensure best value for money.
- 3.9 The report also identified the potential cost of a new museum of £18 million based on RIBA Stage 2 designs. Whilst the Council has provided £6,600,000 towards this project, a significant proportion of the cost would need to be raised from external sources such as Trusts, Funds and private donors.
- 4. Revised Scope of the Museum Development Project**
- 4.1 Since March, officers have undertaken further work to refine the scope of the project. This has been to improve accessibility, reduce risk and reduce cost. We have also had to adjust to a change in direction of one of our partners, the Carrollian Wonderland Trust. These changes are explained below.
- 4.2 We have extended the entrance into Castle Grounds to further support the reorientation of the new entrance towards the town centre and High Street.
- 4.3 We propose to incorporate the Victorian Schoolroom within the main museum and re-provision the offer as part of the wider outreach educational offer. This will provide the opportunity to consider the existing building for other purposes.
- 4.4 The Carrollian Wonderland Trust no longer requires a dedicated space and therefore Castle Cottage has become surplus to requirements. The Carrollian Trust remains a key partner and we hope their collection can be included in future exhibitions in the main museum building.
- 4.5 GBC is undertaking essential structural work in 48 Quarry Street during 2019. Its use will not change when the new museum is built and can therefore be omitted from this project aside from works to connect the building for internal access.
- 4.6 The museum is situated within a complex sensitive heritage site and minimising impact or 'harm' to listed structure and landscape is pivotal to gaining approval from Historic England (HE) and therefore planning permission. Removing any development of the New Chamber will greatly reduce the concerns previously raised by HE. We therefore propose that New Chamber is removed from the project. This will have a minor impact on the business plan but it can still be 'dressed' to raise income from using it as an outdoor events space.
- 4.7 A summary of the proposed new scope is in Table 1 below, and the development plan in Appendix 1.
- 4.8 Table 1- Scope variation change since last Executive

| <b>Building</b>                               | <b>Scope variations</b> |
|---|-------------------------|
| 48 Quarry Street                              | Out of scope            |
| Monument rooms Quarry Street                  | In scope                |
| 1911 gallery – Quarry Street                  | In scope                |
| Castle Arch House                             | In scope                |
| Strong rooms                                  | In scope                |
| Castle cottage                                | Out of scope            |
| Castle Keep and Castle Grounds interpretation | In scope                |
| New Chamber                                   | Out of scope            |
| Kings Chambers                                | In scope                |
| Museum courtyard gardens                      | In scope                |
| 39 ½ Castle Street                            | Out of scope            |

- 4.9 The proposed new scope would not adversely affect the project’s vision, business plan projections or the activity plans developed by our consultants Fourth Street and Julia Holberry Associates. Whilst there are economies of scale to have included these areas, there will be a net reduction in the overall capital cost of the project and assets released for other use or disposal.

## **5. Work stream update**

### Architecture and buildings

- 5.1 With the change in scope detailed above, ZMMA has modified the plans as these will be required for the purpose of forthcoming funding applications. External support to further develop the architectural designs to take us from RIBA 2 to RIBA 4 will need to be procured.
- 5.2 As part of the next phase of architectural design, we will require input from the following: Principal Designer/Architect, Structural Surveyor, Quantity Surveyor, mechanical and electrical engineering services, planning consultant and conservation and landscape architect. These services will only be procured following a successful bid to NLHF as it would meet a substantial amount of this cost.
- 5.3 A cost review of these professional services has been completed by cost consultant Huntley Cartwright, who specialise in heritage projects. They have built a fuller cost profile of many of the unknowns. This now includes a much higher than industry level contingency given the risks relating to the complexity of the site. Appendix 4 provides the details.

### Historic England and Planning

- 5.4 Earlier feedback from Historic England (HE) and our own conservation planners highlighted the issues presented if developing a scheme on this site. A conservation Heritage Impact Statement (See Appendix 2) along with an update of our Conservation Management Plan are being drafted to respond to HE’s comments. These are working documents that will be finalised at the end of RIBA 3 stage.

- 5.5 As referred to earlier in this report, we have made some changes to the scope of the project to address many of HE's concerns. We have also gathered evidence within the business plan and audience development plan to substantiate the benefit that the scheme will provide to mitigate the 'harm' to the listed building and scheduled ancient monument.
- 5.6 As part of the next phase, although already informed of planning concerns, we shall begin formal discussion with HE and through the Council's Pre-Planning Application process to begin to address risks and issues.

#### Business Planning and Museum Service Development

- 5.7 To keep the business plan relevant, it will need to be updated. The change in scope described above does not affect revenue projections. Further work on an economic impact assessment of the Museum and desire for possible incubation space will be included in the next iteration of the business plan.

5.8 Museum Accreditation and service planning

As part of our submission to Arts Council England to renew our status as an Accredited Museum, a number of policies must be approved by the Museum's governing body. These demonstrate best practice in caring for our collections and engaging with audiences. The policies that require approval under the accreditation scheme are:

- A forward or business plan approved by the governing body
- A policy, approved by the governing body, for developing collections, including acquisitions and disposals
- An approved documentation policy
- An approved collections care and conservation policy
- An approved access policy

#### Audiences and Activities

- 5.9 The Activity Plan has been further developed to reflect more of the exciting and engaging programme required to create a step change for the museum and is now more fully costed (this is estimated to be £881,776 over 3 years, including staffing) and is included within the total project value. A summary of the Activity Plan is set out in Appendix 3.
- 5.10 The Activity Plan is an essential part of the programme development required for NLHF funding, which would contribute to this cost. If the NLHF application fails, we shall reduce the scope of the activity plan to suit other funders who have less stringent demands for this.

#### Fundraising, cultural hub and Digital Strategy

- 5.11 "Cause 4" were appointed to further develop our funding strategy and advise on how best to get additional funding.
- 5.12 Sources of funding are likely to be a combination of:

- 1) Trusts, Foundations and Livery Companies

- 2) Corporates
- 3) Community fundraising
- 4) Individuals
- 5) Legacy and In Memoriam opportunities
- 6) External grants

- 5.13 One key element needed to increase our ability to attract funding is to set up a registered charity. The Council will need to attract Trustees, develop the necessary governance arrangements and establish the body to undertake this work. This should be undertaken as soon as possible as funders will generally expect to see a full year of audited accounts when considering applications.
- 5.14 It may be necessary to source a fundraising vehicle in the short-term. This could, for example, be via a charitable partner to make approaches to Trusts and Foundations or by setting up a fund through the Philanthropy Foundation. Further work will take place to determine the preferred approach.
- 5.15 Overall, a 3 phase approach to fundraising is proposed:  
(a) Phase1 (Now to March 2020) – NLHF bidding round- largest possible single donor  
(b) Phase 2 (March 2020- March 2021) – Trust and Foundations  
(c) Phase 3 (March 2021- March 2022) – Corporates and Individuals
- 5.16 There is a cost associated with fundraising. Based on a target of £2.5 – 3 million, it has been estimated by Cause 4 that the Council may need to invest £300,000 (through a mix of internal and external resources) over the period of fundraising.
- 5.17 The idea of a cultural hub, where the new museum plays a central role in networking with other cultural venues in Guildford, the Borough and surrounding hinterland is being developed through discussions with local museums, arts venues and the National Trust.
- 5.18 Because of the proposed partnerships with local high-tech industries to help develop the new museum, the Council has appointed Golant Media Ventures (GMV) to write a Digital Strategy. The digital strategists are talking to local companies, Higher Education institutions/University of Surrey and other stakeholders to develop an innovative digital programme for the new museum. Digital is a priority for the NLHF and it is important that we excite them with our ideas and plans, without being unrealistic.

## **6. Operational planning, Legal and regulatory matters**

- 6.1 Further work will be undertaken to look at synergies across the heritage, tourism and museum services to ensure we future proof the new museum and service. As part of this service planning, retention of the Museum's accreditation is key.
- 6.2 As detailed above we shall continue to explore the best model for raising funds, which could include a separate legal entity with charitable status. This would allow the museum to access the many funders who only donate to charitable organisations.

- 6.3 In developing formal partnerships with external stakeholders, the Council will require legal agreements to protect both the Council and its assets. The form of agreement will be dependent on the relationship the Council seeks and will be the subject of future reports to the Executive.
- 6.4 Since the last report, a full title report has been commissioned to ensure that all known risks can be managed at the end of the concept stage. There was no significant land or conveyance issue identified.

## 7. Programme

- 7.1 The following indicative timeline describes our key milestones. The programme is primarily based on NLHF funding as this is likely to be the most significant contributor to our funding strategy:

| Events/Activities   | Date start                       | Date Completed | Duration  |
|---|----------------------------------|----------------|-----------|
| <b>EOI - NLHF</b>   | July 2019                        | August 2019    | 20 days   |
| Fundraising   | March 2020                       |                | TBC       |
| <b>NLHF Round 1 Bid</b>   | November 19 2019<br>(submission) | March 2020     | 3 months  |
| Round 1 Development work (Architectural services and service updates) | March 2020                       | March 2021     |           |
| Planning and other permissions/consents                               | August 2020                      | March 2021     | 4 months  |
| <b>NLHF Round 2</b>   | March 2021<br>(submission)       | June 2021      | 3 months  |
| Permission to start   | June 2021                        | August 2021    | 3 months  |
| Procure main contractor   | September 2021                   | February 2022  | 6 months  |
| Museum construction and fit out                                       | March 2022                       | October 2023   | 20 months |
| Display and relocation  | November 2023                    | April 2024     | 6 months  |
| Opening   | April 2024                       |                |           |

## 8. Financial implications

- 8.1 The Council has a total capital budget for the Museum redevelopment of £6.6 million, of which £1.6 million is on the approved capital programme and £5 million is on the provisional capital programme. Of the £1.6 million approved capital budget, £188,000 expenditure had been incurred by 31 March 2019, leaving £1.464 million on the approved capital programme, of which £444,000 is profiled to be spent in 2019-20 and £1.02 million to be spent in 2020-21.

- 8.2 The Council is unable to capitalise the costs of projects until the project reaches RIBA stage 4 (single option design) therefore it is expected that the costs of RIBA stages 2 and 3 will need to be funded from the general fund revenue account if NHLF funding is not forthcoming.
- 8.3 The previous cost estimate reported to Executive was a £18million total project value based on the RIBA stage 1 feasibility study for the full scheme. This includes construction, fit out of cafe, building exhibition displays of both permanent and temporary collections, resources for programmes and activities, acquiring and borrowing collections.
- 8.4 The current cost estimate is £18.2 million of which £3.1million is attributed to contingency and inflation. See below

| GUILDFORD BOROUGH COUNCIL                  |                     |  GUILDFORD BOROUGH |                     |
|--|---------------------|---|---------------------|
| MUSEUM & CASTLE                            |                     |   |                     |
| COSTS SUMMARY                              |                     | R1 COSTS (Excl. Castle Cottage)   |                     |
| 7a - DEVELOPMENT PHASE COSTS               | £                   | VAT   | TOTAL               |
| PROFESSIONAL FEES                          | £ 714,341           | £ -   | £ 714,341           |
| NEW STAFF COSTS                            | £ -                 | £ -   | £ -                 |
| RECRUITMENT                                | £ 1,200             | £ -   | £ 1,200             |
| OTHER                                      | £ -                 | £ -   | £ -                 |
| FULL COST RECOVERY                         | £ -                 | £ -   | £ -                 |
| CONTINGENCY                                | £ 35,717            | £ -   | £ 35,717            |
| NON CASH CONTRIBUTIONS                     | £ -                 | £ -   | £ -                 |
| VOLUNTEER TIME                             | £ 46,080            | £ -   | £ 46,080            |
| <b>SUBTOTAL</b>                            | <b>£ 797,338</b>    | <b>£ -</b>  | <b>£ 797,338</b>    |
| 7b - DEVELOPMENT PHASE INCOME              |                     |   |                     |
| <b>SUBTOTAL</b>                            | <b>£ 797,338</b>    | <b>£ -</b>  | <b>£ 797,338</b>    |
| 7d - DELIVERY PHASE CAPITAL COSTS          |                     |   |                     |
| <b>SUBTOTAL</b>                            | <b>£ 12,730,592</b> | <b>£ -</b>  | <b>£ 12,730,592</b> |
| 7e - DELIVERY PHASE ACTIVITY COSTS         |                     |   |                     |
| <b>SUBTOTAL</b>                            | <b>£ 881,726</b>    | <b>£ -</b>  | <b>£ 881,726</b>    |
| 7f - DELIVERY PHASE OTHER COSTS            |                     |   |                     |
| RECRUITMENT                                | £ 2,000             | £ -   | £ 2,000             |
| PUBLICITY AND PROMOTION                    | £ 96,000            | £ -   | £ 96,000            |
| EVALUATION                                 | £ 20,000            | £ -   | £ 20,000            |
| OTHER                                      | £ -                 | £ -   | £ -                 |
| FULL COST RECOVERY                         | £ -                 | £ -   | £ -                 |
| CONTINGENCY                                | £ 1,472,779         | £ -   | £ 1,472,779         |
| INFLATION                                  | £ 1,640,001         | £ -   | £ 1,640,001         |
| INCREASED MANAGEMENT AND MAINTENANCE COSTS | £ 150,000           | £ -   | £ 150,000           |
| NON CASH CONTRIBUTIONS                     | £ -                 | £ -   | £ -                 |
| VOLUNTEER TIME                             | £ 432,240           | £ -   | £ 432,240           |
| <b>TOTAL</b>                               | <b>£ 3,813,020</b>  | <b>£ -</b>  | <b>£ 3,813,020</b>  |
| <b>TOTAL</b>                               | <b>£ 17,425,338</b> | <b>£ -</b>  | <b>£ 17,425,338</b> |
| 7g - DELIVERY PHASE INCOME                 |                     |   |                     |
| HLF GRANT REQUEST                          | £ 3,843,098         | £ -   | £ 3,843,098         |
| <b>TOTAL</b>                               | <b>£ 17,425,338</b> | <b>£ -</b>  | <b>£ 17,425,338</b> |
| DESCRIPTION                                | GRANT               | HLF GRANT %   | TOTAL               |
| DEVELOPMENT TOTAL                          | £201,258            | 25.24%  | £797,338            |
| DELIVERY TOTAL                             | £3,843,098          | 22.05%  | £17,425,338         |
| <b>GRAND TOTAL</b>                         | <b>£4,044,356</b>   |   | <b>£18,222,675</b>  |

- 8.5 This estimate considers the scope changes discussed in section 4 and was independently quality assured by an external quantity surveyor, Huntley

- Cartwright. Although substantial savings were made due to the reduced scope, increasing our contingency level, more detailed activity plan and identifying more of the unknowns have accounted for more certain cost of £18million now proposed.
- 8.6 Setting the right level of contingencies against a project developed to RIBA stage 2 relies on many assumptions so should still be cautiously received. It should be noted that although this financial review will give confidence it will also need to be acceptable to our external funders. For example, NLHF will not accept any contingencies greater than 15% of projected estimated capital and revenue cost. Whereas the HM Treasury Green book guidance on public sector business cases would recommend a higher level of contingency (around 40%) for specialised building projects such as this which are at an early stage of costing and have a number of risks.
- 8.7 It has been a challenge to produce a cost estimate which considers: the site's complex location, listed and heritage buildings and structures, specialist infrastructure, inflation rises, archaeological surveys and a range of other unknowns such as Brexit that are normally resolved in the later stage of design development. Many also require further intrusive and specialist investigations.
- 8.8 A significant funding gap of £11.8million exists between the remaining council capital budget of £6.4 million and full cost of the project which is estimated to be £18.2 million. The Council's capital allocation of £6.4million represents a good proportion of match funding and demonstrates the council's commitment to the project.
- 8.9 Such is the size of the funding gap, we have engaged a specialist fundraiser, CAUSE4, to advise how feasible it is to raise funds within the project timeframe. CAUSE4 have recommended GBC raises its final contribution to be in the region of £12million. However, some of this contribution could be recoverable depending on the success of the fundraising campaign. CAUSE4 state that funders are giving much lower grants and as the Museum funding raising capacity will be coming from a standing start will make it more challenging.
- 8.10 Paragraphs 4.30 – 4.32 of Appendix 1 of the Capital and Investment strategy approved by Council in February 2019 explained that the Council needs to set an affordability limit for 'essential' general fund capital schemes to ensure that the schemes can be funded without placing undue pressure on existing services. The reason for this is due to the fact the Council has a low level of general fund capital receipts and reserves and will therefore need to fund the Council's capital programme from borrowing unless further capital receipts can be found from disposal of assets. 'Essential schemes' are those capital projects that do not generate revenue income of savings to fund the borrowing costs (e.g. interest and debt repayment) required to finance the project. The affordability limit has been calculated based on the total amount that the council can raise its council tax by in any one year. The limits were set as:

|   | 2019-20<br>Projection | 2020-21<br>Projection | 2021-22<br>Projection | 2022-23<br>Projection | 2023-24<br>Projection |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Affordable increase in financing costs            | 283,977               | 191,681               | 197,895               | 204,719               | 206,882               |
| Maximum limit on type A essential capital schemes | 7,099,419             | 4,792,027             | 4,947,382             | 5,117,980             | 5,172,051             |

- 8.11 The current capital budget of £6.4 million is currently profiled to be spent in 2020-2021. A better understanding of the profile as well as the quantum of expenditure to redevelop the museum will be required as we move to RIBA stage 4 in order to assess whether the project is affordable for the Council. The affordability assessment will also need to consider the spending profile of the other essential capital schemes on the Council's capital programme.
- 8.12 The funding strategy identifies a number of avenues to explore to reach our target for the funding gap. In many projects of this nature, both development and build are commenced before a significant proportion of the funding has been received. The funding campaign continues even after the build has been completed. This does present a cash flow issue for many organisations, but local authorities typically underwrite this.
- 8.13 The CAUSE4 suggested profile of external grants and donations possible in project time frame are:

| Funders                              | Contribution         | Notes   |
|--------------------------------------|----------------------|---|
| GBC                                  | £6.4 million         | Approved – however, CAUSE4 recommends additional £4.8million GBC capital contribution |
| NLHF                                 | £4million            | Potential   |
| Private donors and other Trusts      | £3million            | Potential   |
| <b>Total potential contributions</b> | <b>£13.4 million</b> |   |
| Project value                        | £18.2million         | Based on RIBA stage 2 plans   |
| Total outstanding funding gap        | £4.8million          |   |

- 8.14 There are significant cashable benefits to be realised relating to release of both Castle Cottage and 39 ½ Castle Street (Victorian School Room) which could generate some capital receipts that could be ring-fenced towards financing the museum redevelopment and therefore reduce the funding gap. Officers recommend that the Executive agrees to officers drawing up a strategy to dispose of these properties in order to help fund the museum project.
- 8.15 NLHF funding is given in two stages. The first is given for development work between RIBA 2 to 3 before construction commences; the second tranche of money is given to develop the project from RIBA 4 onwards – procurement, through to construction and opening.

- 8.16 The NLHF and other funders/donors will require assurance that the Council will support the project full financial cost should all external funding not be achieved or to enable development to proceed without unnecessary delays. To enable the project to proceed without unnecessary delay and to mitigate the risk to NLHF, the Council may wish to consider front-funding or underwriting the fundraising target with a view to recouping the £7.8million fundraising target by RIBA 6 completion. Whilst from a cashflow point of view, the Council is able to do this. There is a risk that if the Council take this approach and the fundraising target is not achieved and/or additional capital receipts cannot be generated from asset disposals, that funding the borrowing costs required to redevelop the museum will place a cost pressure on existing Council services. In that event, the Executive will need to assess whether additional savings or income can be generated from other Council services in order to fund the borrowing costs.
- 8.17 The funding target attainment is benchmarked against similar comparable projects. See attached comparable projects and funding strategy (Appendix 5).

## **9. Risk and Issues**

- 9.1 Cost to the Council is the major project risk. Our cost estimate is based on the latest build cost from BCIS, a construction industry leader on cost and price.
- 9.2 To add robustness to our cost estimate an independent Quantity Surveyor, Huntley Cartwright, has reviewed the Principal Designer own cost to produce (See cost estimate in Appendix 4).
- 9.3 We have also taken a cautious approach to the project contingency value and mindful of funders acceptable level with maximum acceptable of £15% for potential major funder likely to be NLHF. We accept contingency could be set higher to accord with central government Green Book recommendations however this would then be funded by GBC solely. A project risk register has been developed to identify elements of the project where higher contingency level the council will need to set aside reserve funds for.
- 9.4 A total of £1.63million of contingency is currently allocated for professional fees, construction and activities. With a further £1.58million to take account of inflation as construction is not expected to start until 2022.
- 9.5 As professional fees were a significant proportion of the project value presented to the Executive in April 2019, we have reviewed all existing contracts, and will re-procure all professional services to develop the scheme from RIBA 2-4.
- 9.6 We are now exploring forms contract and contract procurement routes. Although not unusual to change Principal Designer (Architect) it does introduce additional risk in terms of a new architect could delay delivery as they get up to speed or may wish to make changes to the design which affects the cost.
- 9.7 We will continue to 'soft market test' the project costs through engaging with main contractors to gauge the appetite for this project when procured and to see where we can achieve better value.

- 9.8 Whilst we have investigated the potential funders/partners to approach (Appendix 5), and the level of contribution we could aim for, funding remains a significant risk. Most of the funders do not give their grants in advance of works. Often projects proceed at risk as many Trusts and Funds require the applicant to provide assurance for any financial shortfall and cashflow.
- 9.9 Although it is not unusual for many heritage projects to begin construction at risk, it should be noted that as no guarantee can be given that full project funds will be raised this is risk that will need to be considered if acceptable by GBC to avoid inflationary cost.
- 9.10 There are number of consents required, namely Historic England's (HE) consent for works affecting scheduled ancient monuments (the Castle and its grounds). Without Schedule Monument Consent planning permission will be compromised and not possible. Through ongoing dialogue with HE and providing evidence that supports development need being greater than harm caused is critical. We shall be updating our Conservation Management Plan and producing a Statement of Need as prescribed by HE.
- 9.11 We are aware of the impact archaeology may have on the development. There were archaeological surveys undertaken on the site circa 1994 which are documented in the Conservation Management Plan. No further disturbance to the site has taken place to affect the surveys' findings. The proposed development has taken onboard the findings of this earlier survey and the construction of foundations is mindful of harm that could possibly be caused. A further archaeological survey will be undertaken in RIBA Stage 2-3.

## **10. Consultation**

- 10.1 The Leader, the Lead Councillor for Finance, Asset Management and Customer Service, the Lead Councillor for Leisure, Heritage Tourism and PR and Communication, members of the Museum Working group and CMT are all fully briefed on the project. Presentations at key points in the project have been made to Executive Councillors, EAB, Museum working group and CMT.
- 10.2 Regular engagement with stakeholder groups such as the Surrey Archaeological Society, Surrey infantry Museum, Heritage Forum, Friends of Guildford Museum etc. has continued and provided valuable contributions to the project.
- 10.3 A programme of public consultation and wider stakeholder engagement has been ongoing since 2014 resulting in the Arts Council funded report "Your Stories, Your Museum" and more recently public engagement events for hard to reach audiences to share our plans.

## **11. Legal Implications**

- 11.1 Specific legal advice continues to be provided to ensure that all future proposals are implemented in accordance with the Council's procedures and statutory requirements.
- 11.2 The establishment of a Charitable vehicle for fundraising will require further legal review to ensure compliance to standing orders and charity commission rules.

## **12. Equality and Diversity Implications**

- 12.1 A screening EIA has previously been completed and concluded that a full EIA is not required. We will, however, review and update the EIA as the project progresses.

## **13. Human Resource implications**

- 13.1 A redeveloped Guildford Museum will require a greater level of staff resource to fulfil its potential, which is accounted for in the business plan and the full project cost. Whilst further efficiencies may well be possible across the wider heritage service in which the museum is currently located, we believe that new roles and additional resource will be required in order to ensure that a step-change in visitor numbers and impact is achieved.
- 13.2 As we progress the staffing resource further, Staff Side will become more involved of any subsequent changes to staffing arrangements and conditions. A full consultation with staff is to be implemented in accordance with our policies and procedures.

## **14. Summary of Options**

- 14.1 As we develop the project further there will be more clarity on cost. The build cost (and associated fees) is the key risk that the Council faces with limited funds available. The options available to manage this risk are:
- A. Business as Usual (do nothing)
  - B. Undertake minimal refurbishment of the existing project within existing capital budget
  - C. Deliver a phased project which still requires external match funding but much reduced scale of offer.
  - D. Continue with the refined project and seek external match funding.
- 14.2 With the Museum buildings requiring considerable investment, Option A and B would not address the corporate strategic aspiration to deliver a focus for town centre regeneration, improving the cultural offer or the operational service needed as a sustainable viable museum.
- 14.3 Option C reduces the initial financial cost to GBC but would result in an overall increase as the later phases would cost more to deliver. Phasing, would also impact on the vision and would require a new design along with a new business plan and activity plan.
- 14.4 The preferred option is Option D. This brings forward the development of the museum to have a meaningful impact but is more prudent than the original scheme. Releasing the properties omitted in the new scope for other uses or disposal would produce a financial benefit to the Council.
- 14.5 Aborting the project will see a minimal sunk cost of £360,000 on development plans to date excluding elements that are not site specific.

14.6 It should be noted that the cost for current plans for full scheme is comparable to other similar cultural projects new build extensions with most recent being Geoffrey Museum in East London valued at £18million (see Appendix 5).

## **15. Conclusion**

15.1 The current phase of work continues the refinement of the scope to ensure it continues to bring value for money whilst still striving to deliver the Council's corporate strategic priority.

15.2 Following several public engagement events, the Museum project continues to be positively received and its ambition now being more understood as plans now illustrate both its proposed content and design.

15.3 The projected cost remains £18million but includes significant contingency.

15.4 There are several benefits of the revised scope: it enhances the activity plan that will have direct impact on service users to engage better with the museum; it addresses several property matters notably the Victorian school room, Castle Cottage and 48 Quarry Street; it reduces risk of Historic England objection by removing the New Chamber from the scope and it now fully integrates the castle and its grounds as a collective offer.

15.5 The funding gap remains a concern. The current shortfall of £12million to be raised entirely by external sources is considered by consultant, Cause 4, to be a major undertaking. As such it is proposed that the Council be willing to make a greater financial contribution to the scheme and underwrites the funding gap which will be considered more favourably by trusts and donors.

15.6 The initial test of the appeal of our project will be our approach to National Lottery Heritage Fund.

15.7 A charitable vehicle to receive and make application is recommended with the preferred legal entity being a CIO.

15.8 There are number of risks and issues present that are inherent of project of this scale and nature that is still at concept design. Many of these will be reduced as the project proceeds.

15.9 This transformational project is complex and presents challenges. However, it would be a significant positive contribution to Guildford's attractiveness to residents, businesses and visitors as well as confirming Guildford's status within Surrey.

## **16. Appendices**

Appendix 1: Revised scope site plan

Appendix 2: Heritage report/summary of Significance

Appendix 3: Audience development and Activity Plan update (summary)

Appendix 4: Financial cost estimate

Appendix 5: Guildford Museum Capital Fundraising Strategy and Feasibility Study Executive Summary