

# **Executive Committee**

## **25 April 2017**

### **Support for Dorset County Museum's 'Tomorrow's Museum for Dorset' project**

#### **For Decision**

#### **Portfolio Holder:**

Cllr Mary Penfold – Enabling  
Cllr Ian Gardner – Planning

#### **Senior Leadership Team Contact:**

M Hamilton, Strategic Director

#### **Report Author:**

T. Hurley, Leisure Commissioning Manager  
J. Allen, Cultural Development Officer

#### **Statutory Authority:**

Localism Act 2011 – 'general power of competence'.

#### **Purpose of Report**

1. To present to the committee a request from the Dorset Natural History & Archaeological Society for both a capital grant and short-term loan to support the Society's major development project. The report also seeks the committee's approval for an arrangement whereby the project can benefit from future developer contributions.

#### **Recommendations**

2. That the committee agrees to award to the Dorset Natural History & Archaeological Society the following funding as a contribution to the Society's 'Tomorrow's Museum for Dorset' project:
  - a) a grant of £150,000 from the council's Corporate Projects Reserve;
  - b) a loan of £475,000 from the Corporate Projects Reserve to be repaid with interest over a 7 year period and by March 2027 at the latest in accordance with the council's Community Lending Policy.
3. That the future developer contributions for museums from the Section 106 agreement for phases 3 and 4 of the Poundbury development, which are estimated to total £141,000, are to be forward funded by the District Council by way of the use of the Corporate Projects Reserve and paid as a grant to the Dorset Natural History & Archaeological Society as a contribution to the Society's 'Tomorrow's Museum for Dorset' project

4. That the Strategic Director and Section 151 Officer be given delegated authority to agree the terms of both the grant and loan agreements with the Dorset Natural History & Archaeological Society in accordance with the recommendations (2) and (3) above.

## **Reason for Decision**

5. To enable the council both to respond to the funding request from the Dorset Natural History & Archaeological Society and to work with Dorchester Town Council to enable the Society's project to benefit from future developer contributions.

## **Background and Reason Decision Needed**

6. Dorset County Museum is an independent museum, owned and operated by the Dorset Natural History & Archaeological Society and which houses several significant geological, historical and archaeological collections. The museum's Thomas Hardy collection is the largest in the world and its importance is internationally recognised. Although located in Dorchester, the museum serves various important functions for the county as a whole (providing support to other museums) and for the nation.
7. Since 2010, visitor numbers have doubled and the museum now needs to expand its display, learning and storage facilities in order for it to meet future needs. The Society has, therefore, embarked on an ambitious development project to maximise the potential of the range of historic buildings that it occupies between High West Street and Colliton Street in Dorchester and to create new spaces for visitors and students.
8. This major development project, entitled 'Tomorrow's Museum for Dorset', comprises the following key elements:
  - new galleries to increase display areas (at present 98.5% of the collections are inaccessible to the public)
  - state-of-the-art storage facilities with better public access
  - new international-standard gallery with the capacity to host touring exhibitions
  - new learning centre
  - new shop and café on the High West Street frontage.
9. The anticipated benefits of this project are as follows:
  - enable full public access to the collections
  - create gallery space for high quality art exhibitions
  - increase annual visitor numbers from 40,000 (in 2015) to 80,000 by 2020
  - increase annual learning visits to 7,000
  - restore the Reverend White's Rectory (listed building)
  - increase the museum's economic benefit to the area by £1.78 million per year
  - create new income streams to help support the museum in the future

10. The project is supported by a detailed business plan and is subject to constantly evaluation and monitoring by the HLF. There have been numerous meetings and workshops with the project's HLF Monitoring Officer and Case Officer to go through the all aspects of the business plan. In addition, the museum has employed a specialist consultancy to act as project managers and, in particular, to manage both the design team and the build programme. The consultants have extensive experience of project managing commercial, residential and heritage schemes. There are, therefore, significant control mechanisms in place to support the museum in the planning and execution of the project.
11. A significant step forward with the project, which is estimated to cost £13.2 million, was the award of a £9.9 million grant from the Heritage Lottery Fund which is conditional on the Society securing pledges for 90% of the remaining £3.3 million from other sources by May 2017 (the deadline for the stage 2 application). At present, the Society is actively engaged in a major fundraising campaign and is seeking grants from a range of private trusts, foundations and high-net-worth individuals. To date, the project has secured pledges totalling £1,268,450. In addition, the project has received support from Dorchester Town Council (£25,000) and Dorset County Council (£200,000).
12. To help meet its funding target, the Society has written to the district council requesting the following financial support:
  - one-off grant of £150,000;
  - loan of up to £475,000 to cover revenue deficit during the building works – to be repaid with interest over 5-years immediately following the completion of the project.
13. **Due diligence:** When this report was first considered at the February 2017 meeting of the Executive Committee, officers were asked to represent the report to the March meeting in order that further 'due diligence' could be undertaken with regard to the loan request.
14. As a result, the Financial Resources Manager has scrutinised the business plan produced by the Society in order to test its assumptions and ensure that the predicted repayment timetable is realistic. In summary, the proposed loan and project timetable is as follows:
  - a) The loan will be drawn down in the following tranches: £100k in 2017/18 (third quarter), £100k in 2018-19 and £275k in 2019-20.
  - b) Construction will commence early in 2019 (subject to HLF approval) and will continue for 24 months.
  - c) The museum will be mostly closed in 2019-20 and will, therefore, require most of the loan in that year.
  - d) The loan will be repaid from April 2020 onwards following the reopening of the museum.
  - e) The loan will be fully repaid by 2026-2027 at the latest but perhaps sooner if a favourable trading position allows.

15. The business plan and the loan drawdown/repayment schedule are based on the following assumptions:
  - a) The annual grant of £10,994 that the council gives to the Society (to offset the rent paid on All Saints Church) will cease from April 2019 following local government reorganisation.
  - b) The Society will continue to pay rent on All Saints Church until its surrenders the lease in 2023.
  - c) An interest rate of 5% will be applied to the loan (although it may well be lower).
  - d) The enhanced museum will attract 80,000 visitors per year – which is considered by consultants advising the museum to be a prudent assumption.
16. Having considered the Society's business plan and its plans for drawdown and repayment of the loan, the Financial Resources Manager is satisfied that granting the loan of £475,000 for the museum development is the type of project that is within the scope of the council's community lending policy.
17. When the grant and loan request was again considered by the Executive Committee in March 2016, members expressed a desire to scrutinise further the Society's business plan for the project, with a particular focus on predicted income levels and attendance figures.
18. The council can also assist the project through the allocation of developer contributions held by the council, specifically collected to enhance museums, and this money been requested by the Society. These contributions comprise a total of £23,193 of museum-only money derived from Section 106 agreements from in and around Dorchester, including Poundbury.
19. There are several existing planning obligations in place for developments in the Dorchester area which have yet to commence and which will make relatively modest contributions to museum facilities (perhaps at least £13,000).
20. It is the intention, therefore, for the Corporate Manager - Planning (Community and Policy Development) to allocate the contributions referred to in paragraphs 13 and 14 above to the Dorset County Museum project as and when they are received as long as the project is still in need of funding. These allocations will be undertaken in accordance with the council's Scheme of Delegation and in consultation with local members
21. In addition, it is estimated that a further £141,000 of museum-only contributions have yet be collected from Poundbury phases 3&4 (which are still under construction). It is intention of the Corporate Manager - Planning (Community and Policy Development) to allocate this money to the Dorset County Museum project following consultation with local members and relevant briefholders.
22. However, given that this money from Poundbury phases 3 & 4 will not be fully available for several years but that the Society has a pressing need for funds, it would seem appropriate to seek a mechanism whereby the museum project can benefit immediately.

23. It is therefore recommended that the district council forward funds the anticipated contributions from Poundbury phases 3 & 4 to the sum of £141,000 from the Corporate Projects Reserve which will be duly replaced on receipt of the actual contributions.
24. The Society is also considering bidding for 'recreation' money from the current S106 money that the council currently holds (mainly derived from Poundbury) via the on-going allocation process. Given that a significant part of the project will be to create a high quality art gallery space (which could host national touring exhibitions), it could be viewed as helping to address other deficits in cultural provision in Dorchester. Any such bid will be considered by a member panel and recommendations made to the Executive Committee in March 2017.
25. The council's support for the 'Tomorrow's Museum for Dorset' project could be key to ensuring not only the creation of a major cultural and tourist attraction for the area, but also to help secure one of the largest grants from the Heritage Lottery Fund yet seen in Dorset.
26. It should be noted that the Society leases the redundant All Saints Church in Dorchester from the council and uses the premises as its main bulk store. However, conditions in the church are far from ideal and not conducive to the long-term conservation of archaeological collections. Once the planned development project is complete, it is the intention of the Society to surrender early its lease on the Church. The council (or its successor) will need, in due course, to give consideration to the future use of this historically important building and the Society has indicated its willingness to provide assistance where needed.

## Implications

27. **Corporate Plan.** *Empowering Thriving and Inclusive Communities.*
28. The district council's *Arts & Museums Support Plan 2012-17* (adopted in 2012) highlights key capital projects that will help to promote the Plan's objective of improving public access to high quality facilities. The Dorset County Museum project is specifically identified in the plan as a project worthy of council support.
29. **Financial.** The grants (£150,000 and £141,000) and the short-term loan (£475,000) would need to be derived from the Corporate Project Reserves. With regard to the developer contributions referred to in this report, £30,694 is currently held by the council and the additional £141,000 (estimate) is expected to be paid by the Duchy of Cornwall as part of the Section 106 agreement for phases 3 & 4 of the Poundbury development, probably over the next 5 years. The total contribution from the district council to the project will, therefore, be **£766,000** (grants and loan), with approximately £141,000 of this recoverable from future Section 106 contributions from the Poundbury development.
30. The due diligence assessment undertaken for this report with regard to the requested loan has been undertaken by the Financial Resources Manager.

31. **Equalities.** It is important to health and wellbeing that cultural and community facilities are sufficient to meet the needs of the growing community and are in accessible locations.
32. **Economic Development.** Cultural facilities make a significant contribution to the local economy both as employers and as tourist attractions. The enhancement of these facilities can, therefore, benefit the community not only in terms of education and wellbeing, but also from an economic perspective. The Society's estimates that the project will help to more than double the museum's visitor numbers by 2020 and will increase its economic impact in the area by £1.78 million per year.
33. **Risk Management (including Health & Safety).** The council will need to ensure that no funding is released until the project is in progress and its deliverability is certain. The phased release of the council's funding may be appropriate.

## **Consultation and Engagement**

34. The portfolio holder for Enabling (Cllr Mary Penfold) and the ward members have also been consulted on the proposals set out in this report.

## **Appendices**

35. None.

## **Background Papers**

36. Grant application from Dorset County Museum (made via the council's Leisure Development Fund process).
37. *Arts & Museums Support Plan 2012-17.* West Dorset District Council.

## **Footnote**

38. Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

**Report Authors:** Tony Hurley (Leisure Commissioning Manager), Jude Allen (Cultural Development Officer)

**Telephone:** (01305) 252317

**Email:** [thurley@dorset.gov.uk](mailto:thurley@dorset.gov.uk) [jallen@dorset.gov.uk](mailto:jallen@dorset.gov.uk)