

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 112a

Subject: Arts Council England (ACE) Grant – Brighton Museum
Capital Works

Date of meeting: 19th January 2023

Report of: Executive Director Economy, Environment and Culture

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Note: The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that due to an administrative error the report was not included in the agenda

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The Royal Pavilion and Museums Trust (RPMT) has secured an Arts Council England (ACE) grant for £1,463,769 to carry out repairs to the Brighton Museum roof. The Council have committed £500,000 in match funding. Due to unresolved issues regarding the building's lease, it is proposed that the Council accept and manage the grant. Due to associated risk and liabilities in managing the capital works, Councillors are required to approve acceptance of the grant.

2. Recommendations

2.1 That Committee agrees to the novation of £1,463,769 grant agreement between Arts Council England and the Trust to the Council, to carry out the required repair works to the Brighton Museum roof.

3. Context and background information

3.1 Members approved capital repair works to the Brighton Museum roof at committee in December 2019. A capital budget of £1.260m was agreed.

3.2 Several developments have taken place since December 2019. After the museums' services transferred out to an independent trust in 2020, RPMT

secured a grant of £1,463,769 through ACE's Museum Estate and Development Fund (MEND). This was for repair work to Brighton Museum's roof.

- 3.3 The ACE grant was initially awarded to RPMT in March 2022. Based on the roof works totaling a £1.9m project, £500,000 is committed by the Council.
- 3.4 The Trust devised a project plan, including a timeline and budget. The capital works were due to commence on site in autumn 2023, with completion set for Spring 2024. This allowed time to procure contracts and caused minimal disruption to the museum's opening hours and exhibition schedule.
- 3.5 Initially ACE required a side letter to the lease providing assurance of the building's continued use as a museum. Arts Council subsequently required a deed of variation to the lease of the building. The detail of which would have placed risk to this valuable public asset with regards to reassignment of the lease and deletion of the break clause.
- 3.6 As a solution to the lease issues, and to avoid losing a substantial grant, it is proposed that the grant is novated to the Council. If approved, the terms and conditions and the grant budget would be managed and held by the Council.
- 3.7 It is proposed that the Trust continue to progress management of the capital works as they have the capacity, with a permanent on-site team to monitor works on a daily basis. As client for the project, they have carried out preliminary procurement for a Principal Designer. If it is accepted that the grant is novated to the Council, a second round of procurement will be required to appoint a Principal Contractor in consultation with the Council's procurement team. Property & Design's Building Surveying team will provide supporting input through the joint project board, as set out in 3.8. Furthermore, they will check each financial forecast throughout the project, check interim payment requests and advise on payments.
- 3.8 Prior to the issues with the lease, when the Trust were placed to accept the grant, the Trust and the Council established a joint project board for management of these capital works. Monthly meetings are held to review procurement, progress, budget and cost plans, and scrutiny of a risk register. Council officers sit on the project board alongside senior members of staff at RPMT.
- 3.9 An agreement will be drawn up with the Trust, whereby the Trust accept risk and responsibilities for Construction Design & Management. Under this agreement the obligations placed on the Council by the ACE Grant will be passed on to the Trust. The Council will need to manage its contract with RPMT and report on progress to ACE.
- 3.10 If committee agrees to accept the grant, the capital work will begin in Spring 2024 with completion in Autumn 2024. This allows time for the project board to revise the project cost plan and procure contracts and avoids removing the roof during the winter months

4. Analysis and consideration of alternative options

- 4.1 The required repair work to Brighton Museum roof was identified in a building survey report in 2019. As a result, P&R committee approved a capital budget of £1.260m in December of that year. The roof leaks during bad weather. There is a risk that if the work is not carried out, the building will not be viable to open to the public.
- 4.2 Council agreement to have the grant novated provides a solution and enables the required repair work to go ahead.
- 4.3 If the Council does not accept the grant, the funds will be lost, and the Council as freeholder could be required to carry out works further down the line at a substantial cost.
- 4.4 As with any major capital works, particularly on heritage assets, there is a risk of unexpected issues and subsequent cost overrun. As budget holder of the grant and freeholder of the building, the Council could be liable to cover cost overruns. This will be mitigated and managed through the project board who will reassess the budget and cost plan. Contingency funds will be built into the budget. The Council will ensure through its agreement with the Trust and through scrutiny of all contract standing orders, that risk of cost overrun is mitigated.

5. Community engagement and consultation

- 5.1 None required.

6. Conclusion

- 6.1 Brighton Museum is a valuable asset for the Council, as freeholder of the building. If committee approves that the Council accepts and manages the ACE grant in addition to the £500,000 committed by the Council, required repair works can begin in Spring 2024. This secures the future sustainability of the building. If committee approve, the joint project board can progress revision of the project budget, cost plan and delivery plan as soon as possible
- 6.2 If committee do not agree, the grant will be returned to ACE. The future of the building could be at risk, with potential closures, if the building becomes unviable for public opening. In the longer term, the Council could be liable to cover extensive costs to repair the roof. As with any capital works to heritage buildings, there is a risk of cost overrun. This will be carefully mitigated through the project board.

7. Financial implications

- 7.1 A budget of £1.260m was originally approved in December 2019 and included in the Council's Capital Investment Programme. The budget was met though a council contribution from capital receipts of £0.500m and

capital borrowing of £0.760m financed by the RPMT. The ACE grant of £1.464m together with the Council's contribution of £0.500m will provide a total budget of £1.964m to support Museum works. The ACE grant funding will replace the original proposed borrowing which will negate the need for the RPMT to meet revenue financing costs, and in turn strengthen the RPMT's financial viability. In the event that the cost of the works exceeds the £1.964m budget, RPMT will draw down capital borrowing and meet the financing costs as per the original business model.

- 7.2 A revised grant funding agreement will be provided by Arts Council England to include the Council as grant holders following approval of the novation by the Council. The terms of the grant will remain the same which will be a sum ringfenced to support the agreed capital project plan of the museum development. Following receipt of the new grant agreement the revised capital budget will be incorporated into the Council's Capital Investment Programme and reported through the TBM process and at the joint project board.

Name of finance officer consulted: Rob Allen

Date consulted: 02/01/23

8. Legal implications

- 8.1 Legal Services will draft the agreement between RPMT and the Council to ensure that where possible risks and liabilities and obligations relating to the project are passed on to RPMT. As set out in the body of the report there will be some additional tasks which will fall to the Council as a result of the proposed novation and the Council will be responsible to ACE for the project.

Name of lawyer consulted: Alice Rowland Date consulted: 15/12/22

9. Equalities implications

- 9.1 None

10. Sustainability implications

- 10.1 Carrying out capital works to Brighton Museum roof provides an opportunity to increase energy efficiency for the building. This is supported by Historic England who were provided with a tour of the building by the Trust.
- 10.2 Health and safety in the museum building will be improved through securing and /or removing brittle greenhouse glass, which currently forms part of the roof's structure.

11. Other Implications

Social Value and procurement implications

- 11.1 The tender process will be undertaken by RPMT. This will be in accordance with BHCC's Contract Standing Orders and current Public Contract

Regulations (2015) Act. Tender evaluation criteria will include a minimum of 10% for Social Value and 10% Sustainability. This is a below threshold tender but is still subject to transparency requirements.

Crime & disorder implications:

11.2 None

Public health implications:

11.3 None

Supporting Documentation

None

