South Lakeland District Council
Cabinet

Meeting Date: 29th May 2013
Report Author: David Sykes, Director People and Places
Portfolio: Cllr Graham Vincent – Communities and Wellbeing
           Cllr Ian Stewart – Economy and Enterprise
Report from: Director – People and Places
Wards affected: The museum is located in the Windermere Bowness South Ward. Redevelopment will create benefits for the whole District.

Key Decision: Not applicable
Key Decision Notice: Not applicable

Windermere Steamboat Museum –
Request for capital grant assistance

1.0 PURPOSE OF REPORT
1.1 This report is presented to consider a request from the Lakeland Arts Trust (LAT) for the Council to provide a capital grant of £200,000 towards the redevelopment of the Windermere Steamboat Museum. Funding will match funds from the Heritage Lottery Fund and the Regional Growth Fund and other sources. The project is valued at approximately £13.37 million and will deliver a world class visitor attraction on the shores of Windermere which celebrates and conserves the area’s steamboat building heritage and skills. By contributing funding, the Council will be supporting a major scheme with benefits to the District’s economy, culture and heritage.

2.0 RECOMMENDATIONS

It is recommended that Cabinet

1) Consider the request from the Lakeland Arts Trust for a capital grant of £200,000 towards the redevelopment of the Windermere Steamboat Museum

And, subject to the outcome of the Cabinet’s consideration, that Cabinet:

2) Recommend to Full Council that the Capital Programme 2013-18 be amended to include the expenditure to be payable during the 2014/15 financial year.
3.0 BACKGROUND

3.1 Windermere Steamboat Museum is the largest cultural project in Cumbria. It is a major part of the Windermere Waterfront Programme and of making South Lakeland the best place to live, work and explore. It contributes to delivering South Lakeland District Council’s Priorities. The Museum was one of only five national-scale projects to receive support and development funding from the Heritage Lottery Fund in 2011, and the only one outside London and the South East.

3.2 The Lakeland Arts Trust (LAT) is developing a new world-class destination Museum at Rayrigg Bay and has assembled an experienced project team to develop and deliver this for completion in 2015. The Museum will show the internationally significant collection of over 40 boats, all associated with Windermere, in new and innovative ways, on water and in a dedicated exhibition space. The Museum will offer an exciting range of activities for local communities through the learning and community outreach programmes. The Museum will create jobs and will be open all year. There will be new apprentice and training posts in a range of roles in the Museum, including in the conservation workshop where historic boats will be restored and maintained. The Museum will improve and open up the seven acre site beside Windermere and enable local people and visitors to engage with the lake and wider vistas. The Museum will have high quality facilities including lakeside café, shop, learning centre and car parking. New jetties will support operation of the Museum and enable visitors to arrive by boat.

3.3 The Museum’s business plan has been modelled on 100,000 visitors (with sensitivity analysis on 70,000, 80,000, and 120,000 visitors.) The LAT state that the business plan demonstrates that the Museum will be self-sustaining with revenue from admissions, car parking, catering, retail, events and room/boat hire, sponsorship, Friends scheme and Patrons. Any operating surpluses will be re-invested into extending the community and learning programmes, maintenance and renewal of the Museum and the Trust.

4.0 RESEARCH AND CONSULTATION

4.1 The LAT have been asked to present how the project meets with the Council’s priorities. The LAT describe that there are many ways in which this transformational project delivers against three of the Council’s priorities.

Creating opportunities for economic growth.

4.2 This is the first world-class, national profile attraction on the shores of Windermere and has strong links with SLDC’s economic ambitions for South Lakeland. The Museum creates employment, including retaining graduates in the area, and brings benefits to the wider economy by developing the critical mass of heritage and tourist attractions, growing visits and encouraging staying visitors who will spend in the local economy. The Museum will also help attract future investment to South Lakeland.

4.3 The economic impact assessment shows that the project will enable an estimated 94 direct and indirect jobs to either be created or safeguard in the
area. This includes 25 posts directly safeguarded and created at the Museum and during construction.

4.4 The project will attract significant inward investment and the total project cost is currently £13.37m. The LAT must raise at least £3.424m to match fund the Heritage Lottery Fund. The project has secured a grant offer for £1.25m from the Regional Growth Fund and the Lakeland Arts Trust has also secured funding from individuals, trusts and foundations and Rural Development Programme for England (RDPE). This includes significant support locally and within Cumbria.

4.5 The LAT will select the main contractor through the OJEU process which enables local companies to compete for the construction work.

4.6 The Museum will be open all year with a range of indoor and outdoor facilities to support a wide range of community and learning activities and enable local communities to get involved in the Museum.

4.7 This project will enable the LAT to grow and will strengthen its operation across all of its sites including Abbot Hall Art Gallery and Museum and Blackwell, the Arts & Crafts House. The LAT has operated successful cultural attractions in South Lakeland for over 50 years and has good connections with national and regional organisations. The LAT will benefit from new opportunities for crossover audiences and sharing of expertise.

Enhancing the environment in which we live

4.8 An important part of the project is to create public access to 250 metres of lakeshore and the seven acre site close to Bowness. The project will enhance the landscape and make it more accessible and safe. The Museum will engage people in the environment through interpretation and involving people in workshops and activities to investigate and learn about the rich ecology of the site.

4.9 As a key part of the Windermere Waterfront Programme, by including jetties and a slipway and through connections with Windermere Lake Cruises, the project will encourage and enable people to move about the lake by boat and explore new areas.

4.10 The Museum will be a low energy building by having high thermal mass, using passive environmental controls and pre-conditioning water for heating.

4.11 The Museum will completely replace the existing, run down (former industrial) facilities and be of the highest design quality. The design team was selected in 2011 through an international architectural competition run with the Royal Institute of British Architects, which attracted 114 expressions of interest. The team includes award-winning architects Carmody Groarke, Arup engineers, Real Studios exhibition designers, Turner and Townsend project and cost managers and Jonathan Cook Landscape Architects as well as specialist advisers and business planners.

Improving our community’s health and wellbeing

4.12 This project will greatly enhance the District’s culture and heritage and build on the Council’s continuing support for the Lakeland Arts Trust as one of the Council’s Strategic Cultural Partnerships.
4.13 The LAT has consulted widely and used this to inform the detailed activity plans for the new Museum and the period in the run up to opening. Underlying these is a determination to develop participation and involvement in the Museum. The Museum will offer a wide range of activities for all ages including inspirational workshops, talks and informal learning programmes. These will be distinctive and innovative, by focusing on what makes the Museum special, and enable people to learn new skills and gain confidence. The programmes will run all year and focus on families, children and young people and older people.

4.14 Consultation has ensured that the LAT’s plans are based on identified needs and desires. Participants will be involved in shaping the programmes and will make decisions, e.g. through a young persons’ panel. Many of the programmes will be delivered in partnership with other organisations and key agencies, including programmes for disadvantaged audiences.

4.15 Schools, Further Education and Higher Education providers have expressed strong support for the project and consultation with them is helping form the programme. The formal learning programme will support the National Curriculum and help raise educational attainment in local schools and colleges. High quality jobs will support graduate retention.

4.16 The Museum will have a range of opportunities for volunteers to get involved and acquire new skills. These range from assisting with the conservation and operation of boats to involvement with interpretation and activities.

5.0 PROPOSAL

5.1 The LAT have requested a capital grant of £200,000. The following table identifies the match funding of the project to date. If the Council approves a grant, it would be contribute to meeting the ‘Outstanding target’.

5.2

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Individual donations and pledges</td>
<td>£342,528</td>
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<tr>
<td>Trust grants and pledges</td>
<td>£843,000</td>
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<tr>
<td>Public funding (RDPE) and Regional Growth Fund</td>
<td>£1,361,706</td>
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<tr>
<td>Corporate pledges</td>
<td>£115,000</td>
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<tr>
<td>Total funding to date</td>
<td>£2,662,234</td>
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<tr>
<td>LAT funds</td>
<td>£250,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£2,912,234</strong></td>
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<tr>
<td>Fundraising target</td>
<td>£3,423,853</td>
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<tr>
<td>Outstanding target</td>
<td><strong>£511,619</strong></td>
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</table>

5.3 The LAT is a reputable organisation with a track record of delivering major heritage and arts projects and managing them sustainably into the future. The Council has had a long term association with the LAT through the Regularly Funded Organisation (now Strategic Cultural Partner) status and funding it has given. The Steamboat Museum Project presents the opportunity to conserve and enhance a unique collection, fundamental to the District’s heritage and within a world class architectural and natural environment.
5.5 A contribution by the District Council at a scale requested by LAT would mark a significant local commitment and strategic support for the project, adding reputation and confidence to the bid to the HLF and approaches to other funders. It will enable the Council’s name and the communities of the District to be associated with the project and the visitors and residents who will use, enjoy and learn from its facilities and services. It is proposed that Cabinet consider the request for a grant of £200,000, and if supported, recommended to Council the required amendment to the capital programme to enable a grant to be paid.

5.6 The LAT and the Steamboat Museum is a tenant of the Council, as part of the site forms an encroachment on the Council’s ownership of the bed of the lake. The Lake Administration Committee will consider the approvals required for the change to the encroachment lease. Due to the charitable status of the LAT and its museum operation, the Council allows a 95% discount on the commercial value of the lease. The Lake Administration Committee will consider the discounting of the commercial value of the lease, though there will be some increase in the amount payable as the area of the encroachment is being extended.

6.0 ALTERNATIVE OPTIONS

6.1 The alternative options include:

The Council not contributing a capital grant. This option would not add value and help delivery of the scheme and would not enable the Council to be associated with the project.

The Council could provide a lesser or greater amount of grant than that requested.

The Council could increase the discount on the encroachment rent further. As this is a relatively small payment and would make little difference to the ongoing sustainability of the Museum, it would not benefit the Museum as would a capital grant.

7.0 NEXT STEPS

7.1 Subject to Cabinet consideration, Council will be recommended to approve a change to the Capital Programme 2013/14-2017/18, to include the capital grant at a level agreed by the Council. Expenditure would occur in the first quarter of 2014/15. It is expected that the Museum would be operational by the third quarter of 2015.

7.2 Subject to Council approval, an offer of grant would be made to the LAT.

8.0 IMPLICATIONS

8.1 Financial and Resources

8.1.1 Council approval would result in a capital, one off expenditure of £200,000 in 2014/15. The grant would only be paid once the LAT were fully funded to implement the scheme.

8.1.2 Officers have considered the scheme against the Capital Programme scoring criteria and suggest that the result would rank the proposal within the scoring range of the new capital projects accepted into the 2013/14 – 2017/18 Capital Programme.
8.1.3 Following the approval of the 2013/14 – 2017/18 Capital Programme in February 2013 there was some £3.476m of capital resources unallocated to schemes, including £1.1m of capital receipts. If this scheme were approved, it is recommended that it be funded from these usable capital receipts. There would be minimal impact on the General Fund revenue budget, through the loss of interest earned on these capital receipts, of around £1,000.

8.1.4 There are alternative sources of capital funding, including the LABGI reserve or revenue monies. The capital receipt is the preferred option since this contribution meets the definition of capital expenditure.

8.1.5 The LAT receive other forms of financial assistance from the Council as follows:

As mentioned in paragraph 5.6 above, the LAT receive a discount on the commercial value of their encroachment lease.

The Council and the LAT have formed a ‘Strategic Cultural Partnership’. The LAT has a 3 year funding agreement with the Council, through which the Council provides £20,000 per annum. This partnership supports the LAT’s status as a National Partner Organisation (as described by Arts Council England), enabling the work of the LAT through its sites at Abbot Hall and Blackwell.

The LAT qualify for the mandatory 80% discount of Non Domestic Rates due on their properties. The Council does not make any additional, discretionary award.

8.1.6 Cabinet and Council need to be mindful of proposed public realm enhancement initiatives on Council owned land at Waterhead and at the Glebe which form part of the Windermere Waterfronts programme. These will also require funding from the Council and will be considered in the development of the Capital Programme 2014/19. The capacity of the programme to make contributions to these three initiatives needs to be a consideration in determining the level of financial support to a particular initiative.

8.2 Human Resources

8.2.1 Not applicable.

8.3 Legal

8.3.1 Section 1 of the Localism Act 2011 provides that local authorities have power “to do anything that individuals generally may do, which power includes

(1) power to do it anywhere in the United Kingdom or elsewhere;
(2) power to do it for a commercial purpose or otherwise for a charge, or without charge; and
(3) power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area."

8.3.2 The Localism Act 2011 gives South Lakeland District Council power to make the grant as considered by the recommendation.

8.4 Social, Economic and Environmental Impact

8.4.1 Has a sustainability impact assessment been carried out? No, not directly by the Council. The LAT have provided their assessment of how the project contributes to the Council’s priorities, as described in the body of the report.

8.4.2 This proposal is considered to have a positive impact on sustainability.
9.0 RISK ASSESSMENT

<table>
<thead>
<tr>
<th>Risk</th>
<th>Consequence</th>
<th>Controls required</th>
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<tbody>
<tr>
<td>The LAT do not achieve their fundraising target</td>
<td>The project would be put at risk, risking its overall viability and unable to optimise its potential contribution to the locality. Reputational risk for the area.</td>
<td>The Council can support the LAT by providing funding.</td>
</tr>
<tr>
<td>The LAT fail to secure the HLF funding</td>
<td>The project would be put at risk, risking its overall viability and unable to optimise its potential contribution to the locality. Reputational risk for the area.</td>
<td>The Council should gain assurances from the LAT regarding the completeness of the project’s funding and delivery, prior to making payment.</td>
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<tr>
<td>The LAT business plan for the museum proves unsustainable</td>
<td>The redeveloped Museum’s future operation is curtailed or closed The benefits of the Council investment are lost.</td>
<td>LAT to supply copies of the business plan and the ‘Due Diligence’ and business plan testing undertaken. To be assessed prior to payment being made.</td>
</tr>
<tr>
<td>The Council’s participation and role in the project is not clearly understood</td>
<td>Reputational risk to the Council if not seen to be supporting the project. Reputational risk from the range of support the Council provides to the LAT not being explained or understood.</td>
<td>Ensure the Council’s role and support in funding is explained and communicated to residents, relevant organisations and other funders.</td>
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10.0 EQUALITY AND DIVERSITY
10.1 The redevelopment of the Steamboat Museum is designed to improve and ensure the accessibility of the collection and the site. The LAT operates an Equal Opportunities and Diversity Policy compliant with the requirements of the Equalities Act across its operations at the Abbot Hall site in Kendal and at Blackwell, Bowness on Windermere. As part of this policy it also has a Race Equality Policy with ‘race’ defined in its widest sense to encompass race, ethnicity, and culture. This forms the basis of all its activity to ensure that cultural diversity is embraced in all forms. The council requires the LAT to have this in place as part of the funding agreement with them. It is not considered necessary for the Council to undertake a separate equalities assessment. It will be a requirement of a grant offer that the LAT’s Equal Opportunities and Diversity Policy covers the Windermere Steamboat Museum.

11.0 LINKS TO THE COUNCIL PLAN AND PERFORMANCE INDICATORS
11.1 The body of the report describes how the project contributes to the achievement of the Council’s priorities. Providing financial support to the LAT will help to ‘promote and support the arts across the cultural landscape’ and ‘enhance the reputation of South Lakeland as a renowned centre for events and culture’. It will also ‘help promote South Lakeland as a world class destination for business,’ ‘encourage investment in South Lakeland,’ help in ‘working in partnership with the Lake District National Park on their low carbon business agenda,’ and ‘work with partners to continue to improve and enhance facilities for lake users on Windermere’

12.0 CONCLUSION AND EXPECTED OUTCOMES

12.1 The provision of a capital grant towards the redevelopment of the Windermere Steamboat Museum will help enable a £13.37 million investment to proceed. The project will deliver a world class museum, contributing significantly to the areas world class visitor destination. There will be economic, cultural and environmental benefits. The facility will provide value for the District’s residents and visitors. The Council’s contribution will demonstrate to other funders, the commitment of the local area to the project and the benefits it will deliver.

APPENDICES ATTACHED TO THIS REPORT

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<th>Appendix No.</th>
<th>Description</th>
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<tr>
<td>1</td>
<td>‘Windermere Steamboat Museum Redevelopment’ – Lakeland Arts Trust</td>
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CONTACT OFFICERS

David Sykes, Director – People and Places

BACKGROUND DOCUMENTS AVAILABLE

See appendix 1.

TRACKING

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<tr>
<th>Assistant Director</th>
<th>Portfolio Holder</th>
<th>Solicitor to the Council</th>
<th>SMT</th>
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<td>Section 151 Officer</td>
<td>Monitoring Officer</td>
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<tr>
<td>Human Resource Services Manager</td>
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