

**BRISTOL CITY COUNCIL  
CABINET**

**15 November 2007**

**Report of: Director of Culture and Leisure Services**

**Title: Museum of Bristol**

**Ward: Cabot**

Contact officer: Stephen Wray, Director of  
Culture and Leisure Services

**Contact telephone number:** Julie Finch (0117) 9224084

**RECOMMENDATIONS**

**To approve:-**

- To proceed with the Museum of Bristol at a total project cost of £24.7m (stage 2).
- To enter into a contract with HBG, the preferred contractor, at a total value of £14.2m for the base build project and a schedule of additional works as detailed in the report to a further value of £0.5m.
- To amend the Capital Programme to incorporate the revised project cost.
- To contract with the Heritage Lottery Fund for the stage 2 approved purposes and draw down the stage 2 grant of £10.3m.
- To note the risks and revenue implications identified in the report.

**Summary:**

The report details the revised capital costs associated with delivering the Museum of Bristol project and recommends funding proposals for meeting the additional costs.

**The significant issues in the report are:**

- The revised cost plan and proposals to fund increased costs of £5.7m
- The deadline for decision to hold the current basebuild budget and all works package tenders.
- The decision to draw down the balance of HLF funding.
- The risk assessment for the project.

## 1 Policy

**Corporate Plan** – The Museum of Bristol has featured in successive corporate plans as a key project for the city. Its relevance to the people of Bristol in providing a cultural lever for engagement and regeneration within the city is pivotal to the projects success. Whilst the project itself is identified as a key element in the continuing regeneration of the city and its cultural offer.

**Learning and Achievement:** Formal and informal learning programmes support skills agendas and translate museum activities into further education and job/volunteering opportunities meeting the needs of BME communities.

**High Quality Environment:** the new building will enhance the Harbourside, link with other key visitor attractions, SSGB, BECM, Arnolfini, Watershed, @Bristol and provide a new public and corporate venue.

**Thriving Economy:** Bristol's cultural programmes and facilities create an exciting draw for visitors and Bristolian's alike and contribute directly to the economy and vitality of the city and city centre. The Museum of Bristol Project is considered by the HLF to be a nationally important project.

**Health and Well being:** The Museum of Bristol philosophy is built on working with key stakeholder groups and partners to tackle important issues for the city both in understanding its past and shaping its future. It is already supported by an active volunteer force of some 70 individuals (age range 16-80) who contribute greatly to the overall visitor experience but gain huge personal satisfactions and wellbeing from their involvement with the Museum.

**The City Centre Strategy** – The Museum of Bristol is one of the final buildings to be developed along the harbourside. This project contributes significantly to the broader cultural offer around the harbourside and regeneration of this area.

**Sub-regional Vision** – The Museum of Bristol is in keeping with the vision for the West of England partnership and calls for the development of cultural attractions in Bristol by the year 2026 that are the envy of competitor city regions across Europe. The Museums content and approach to working with communities, individuals and partners contributes to ‘place shaping’ the lead regional city in the southwest.

## 2 **Consultation**

There has been a more intensive approach to consultation and project development over the past year. Whilst the process continues to include the following groups, deeper relationships have been established with key groups and communities as described below.

### **External**

Influential individuals across Bristol

Bristol Magpies

Harbourside Design Forum

Harbourside Sponsors Group

Civic Society

Heritage Lottery Fund

Bristol Physical Access Chain

English Heritage

20<sup>th</sup> Century society

Bristol’s Threatened Heritage Group

Princes Wharf Action Group

Members of the former Project Board

**Public Advisory Board** – Two formal groups have been set up under the umbrella of a Public Advisory Board. These groups contribute to the development of the content, the Academic Advisory Group provides a network of academics across the UK who are consulted on specific content research. The Visitor Experience Group provide a perspective on museum visiting and preferred methods of communication tools within a museum context.

**Volunteers** – There are over 70 volunteers based at the former Industrial Museum, they are committed to working with the Museum of Bristol team to enable the working exhibits to be restored to working condition prior to the opening of the new Museum of Bristol. The scheme includes re-housing the engines within an integral engine shed, development of volunteer facilities and workshop and an interpretative approach towards the development of all the working exhibits. A broader approach will be established to share valuable skills and widen the constituency of volunteers within the Museum of Bristol.

**City Wide Consultation and Audience Testing** – There has been a range of mechanisms for audience testing both on the base build and the content. This process has involved working with focus groups across the city to test and develop aspects of the project, through road shows and public campaigns, this approach to developing the product will continue throughout the project.

**Access Group** – An access group has been formed to address both intellectual and physical access across the project. This group also meet with the lead designers and the access consultant adviser.

**Formal Learning Audience Testing Group** - A focus group has been formed to test the formal learning offer with schools and higher education organisations across the city.

**Communities** – A variety of mechanisms have been devised to present content options to communities across the city. This has involved working with specific audiences to address their needs within the development of the content of the new Museum of Bristol.

## **Population Survey**

A population survey was completed in September 2007 for Bristol's Museums Galleries and Archives. The survey consisted of a 1000 telephone interviews across the sub region. The sample was representative of the 2001 census and the size chosen to be statistically robust.

This survey tested attitudes towards the Museum of Bristol and potential for visit numbers. It showed that:-

- 81% of the market in Bristol thought that the Museum of Bristol is just what Bristol needs
- 78% of the wider area market thought that the Museum of Bristol is just what Bristol needs
- Of the Bristol market, 49% (174k) are very likely to visit, 34% (121k) are quite likely to visit
- Of the wider areas, 40% (370k) are very likely to visit, 38% (351k) are quite likely to visit

## **3 Context**

- 3.1 Cabinet has considered progress with the Museum of Bristol at each stage of its development, most recently at its November 2006 meeting where the original total project costs of £20.6m was approved.

(£1.4m stage 1 costs then expended and £19.2m for project implementation).

The Heritage Lottery Fund confirmed a total grant to the project of £11.2 m in July 2006, of which £850k was agreed as a legitimate claim for stage 1 works.

- 3.2 A robust review to develop a viable scheme that realises the approved purposes to deliver this new Museum of Bristol scheme in partnership with the Heritage Lottery Fund has now been completed. This review has identified and scrutinised all costs associated with delivering the project. All works packages for the base build have been tendered and the exhibition master plan for the museum has been approved and is out to tender and due to report in November.
- 3.3 The Council's development partner (HBG) have submitted a basebuild contract sum of £14.2m subject to Cabinet approval and a confirmed start on site of 7<sup>th</sup> January 2008. The contract sum is held for decision until 16<sup>th</sup> November 2007 and all tender prices have been secured for a 7<sup>th</sup> January start on site. The impact of not issuing a letter of intent to the contractor on 16<sup>th</sup> November will result in 4 months delay which equates to £600,000 inflation costs as a result of having to re-tender all packages.
- 3.4 **The revised capital budget now proposed takes full account of cost increases in the following areas:**

**Base Build** – The sum of £2,110,281 as a total increase to the base build cost is attributed to inflation, planning requirements, survey works, developing the interface between the building and the fit out and the inclusion of air handling units to provide air conditioning to the gallery spaces. The high quality gallery spaces meet the standards required by the Heritage Lottery Fund for air handling and will enable partnerships with national and international museums for showing high quality touring exhibitions.

**Security Works** – Bristol Museums Galleries and Archives are commissioning security works for the properties held within their portfolio. The Museum of Bristol element will be transferred to the base build contract to consolidate the work programme and ensure that the overall fit out is appropriately co-ordinated. The costs for the security works is £80,000 and is being met from the security budget.

**Fixtures and Fitting packages** – There are two elements of FFE works, one will be contracted to HBG for the sum of £363,375. The other will be client led and amounts to £184,000. This work was previously accounted for within the exhibitions fit out budget.

**Sustainability** – Sustainability items, which include a bio mass boiler, have been added to the project to enhance efficiencies in the operation of the building. The sum of £244,400 will be met through the Property Department through grant funding.

**Asbestos** – The presence of asbestos was identified as a key risk within this project. The removal of asbestos has been undertaken by the Property Department, who have also covered the costs of £37,000 for this work.

**Fit Out** – A core budget of £3.988 was identified for the fit out of the permanent exhibitions to realise the master plan approved in April 2007. A further £275,000 has been identified for direct fees associated with this work. The budget for the exhibition fit out has not included inflation, the impact of which is valued at £522,316, this equates to a reduction in exhibition product of £300 pm<sup>2</sup>. HLF have agreed to review this situation as the detailed design develops at key milestones in May and September 2008. A risk allowance has been allocated of £260,658 at 50% of the overall inflation cost within the revised budget. In addition, there is a product value associated with three key projects across the service that provide added value to the overall exhibition budget. These projects are Breaking the Chains exhibition, Adisa project and the Bristol Black Archives Project. This product value accounts for the remaining 50% inflationary costs on the exhibition product.

**Client Costs** – An overall increase of client costs is set around staffing costs. This is due to the extension of contracts to complete the project. A sum of £22,500 has been identified as the difference between the scheme in November 2006 and the current scheme set against a further £75,500, which is being met through Bristol Museums Galleries and Archive revenue budgets.

**Consultancy Fees** – The increased value of associated design fees on the overall project is £1,371,642. This uplift is associated with the redesign from a contemporary new building to a restoration approach to the former 1970's transit shed in response to public opinion. It is also attributed to an uplift in fees based around the overall projects costs and additional elements being designed into the project since November 2006, eg. Sustainability.

**Marketing:** A budget of £100,000 has been identified for branding and marketing for the Museum of Bristol prior to opening. The focus will be on promoting the Museum of Bristol as a major cultural venue for the city of Bristol and visitors to the city. This sum has been met elsewhere.

**Commercial Fit Out** – It is prudent for BCC to retain ownership of the corporate hire and cafe spaces to maximise revenue and sponsorship income, this may lead to an increased revenue return currently not

represented in this report. The costs associated with these works for the back of house and front of house fit out for the café and corporate space is £1,146,800.

Completing the corporate hire space as part of the main project and not phasing the works as a result of the uncertainty around the surrounding development will maximise the potential for corporate sponsorship and meeting the fundraising target.

**Temporary Train Shed** – Interim measures have been established to provide storage for the trains held as part of the collections. This allows the contractors to own the site during the base build process and manage out potential programme risks associated with moving the trains throughout the 90 week programme of works. The cost of this programme of work is £45,000.

**Phase 1 Overspend** – Development funding was identified by BCC to investigate the feasibility of this project in 2001. Further funding was required for sundry items associated with the project, these items were not eligible for HLF funding. The total sum of the overspend is £167,000.

**3.5 The November 2006 Cabinet report detailed the project budget as follows:**

	£ -000
HLF Lottery Grant	11,200
Imperial Tobacco donation	250
(Anticipated) S106 levy	1,750
BCC Contribution	5,470
Fundraising	<u>2,000</u>
	<u>£20,670</u>

Less:

Stage 1 costs already expended	£ { - 1,400
Revised S106 contribution	- <u>250</u>
	- (1,650)
Balance available to fund Stage 2	<u>£19,020</u>

**3.6 The revised scheme costs as detailed at paragraph 3.4 identify additional costs of £5.7 million to give a total stage 2 budget requirement of £24.7m. Officers propose that this be funded as follows:**

	£ 000
Museums Reserves	200

Museums Security Works budget	100
CSS Property (biomass boiler)	300
Additional BCC borrowing	<u>5,100</u>
	<u>£ 5,700</u>

### 3.7 Heritage Lottery Fund (HLF)

The Heritage Lottery Fund has continued to support this project. Cabinet approval for the Museum of Bristol Scheme as presented in this report will allow draw down of HLF Stage 2 funds of £10.3 million. The relationship with Heritage Lottery Fund as partners in this project is critical to the success of the Museum of Bristol. The contractual obligations remain as previously reported and other than normal contractual arrangements the only outstanding special condition with HLF is the production of a 10 year Business and Operation Plan by July 2008.

Culture and Leisure Officers met with the HLF on Tuesday 23 October 2007 to discuss the Exhibition Design budget and the issue of inflation and we agreed a review of the quality of the Permanent Exhibition (design and construct element) will be undertaken jointly with the HLF. The Heritage Lottery fund have stated that the council approval through this report will enable drawn down for Stage 2 of the project, otherwise the project runs at risk. Please see appendix 1 – Letter from HLF which has now been addressed in the capital allocation in this report.

### 3.8 Programme

A Cabinet decision on 15 November 2007 will enable the following programme to be secured:

December 2007	Appointment of Exhibition and Interpretive Design and Construct Contractor
January 2008	HLF sign off – Permission to Start Start on Site
September 2008	Exhibition Design review with HLF
August 2009	Completion of base build
September 2009	Exhibition fit out commences
March 2010	Exhibition fit out completes
April - May 2010	Collections/Objects redisplay
June 2010	Opening (public previews)
'Summer' 2010	Formal opening (To be determined)
April 2011	First temporary exhibition

### 3.9 Fundraising

The fundraising department are submitting a bid to the Paul Hamlyn Foundation in November 2007. A consultant has been appointed to undertake the feasibility work and prospective chairs and trustees for the charitable trust for the Museum of Bristol have been approached with a high out-turn of positive responses. The formation of trust status for the project will enable draw down of funding from a broader number of trusts and foundations.

### 3.10 Contingency

Appropriate contingencies have been allocated to the project against the risk register. Total contingency is set at £1.3m. Please see appendix 2 – Risk Register.

## 4. Equalities Impact Assessment

The Museum of Bristol project consistently works to respond to the increasing commitment to inclusive working with more diverse audiences and to meet the needs of those disadvantaged by physical, social, intellectual, cultural, economic factors. (The content and exhibition displays are being developed to counteract the differential.) Throughout 2007 there have been a number of projects, which have contributed to the work around Abolition 200. Three key projects will contribute to the content within the Museum of Bristol, they are as follows:

**Adisa Project:** Afrikan faces, Afrikan footsteps exhibition was centred around a project working with young people tracing their footsteps to Ghana. A partnership project Young People's Services, voluntary sector and Bristol Museums Galleries and Archive to work with young BME communities.

**Breaking the Chains Exhibition:** A partnership project between the council and the Heritage Lottery Fund to deliver a nationally important exhibition in Bristol for Abolition 200. The British Empire and Commonwealth Museum and Bristol Museums Galleries and Archives Service worked together to develop a £900,000 exhibition working in consultation with BME communities across Bristol. The legacy gallery from this exhibition will be utilised within the new Museum of Bristol.

**Bristol Black Archives Project:** A project set around developing contemporary black archives in order to develop contemporary collections which record the lives of the Black community in Bristol.

The fundamental strand to working practice within all these projects has been to centralise the views and opinions of marginalised communities. The nature of this work will continue over the next two years as the content is developed and will be shown in the new Museum of Bristol. This process will engage with a broader range of

communities and will continue to do so once the Museum of Bristol is open.

The Museum of Bristol will be fully DDA compliant and will work to best practice in providing both intellectual and physical access to the exhibition product and visitor services.

## 5. Financial Implications:

### Capital

The proposed revised budget for phase 2 of the project is:

	£	£
Project Cost		22,471,456
Sustainability		244,400
Commercial Fit-Out		1,146,800
Security (Ref. David Lippiatt, Museum Service)		180,000
Temporary Train Shed		45,000
Marketing/ Branding		100,000
Phase 1 Overspend		167,000
Asbestos		<u>37,000</u>
		24,391,656
Exhibition Inflation (50%)		<u>260,658</u>
		24,652,314

Proposed financing, as set out in para 3.5 is

	£'000
HLF Grant	11,200
Imperial Tobacco donation	250
(Anticipated) S106	1,500
(Anticipated) fundraising	2000
Museums reserves	180
Museums security works	80
Property budgets (sustainability)	281
BCC borrowing (original plan)	5,470
BCC borrowing (additional)	<u>5,100</u>
	26,061
Less phase 1	<u>1,400</u>
	24,661

The additional borrowing of £5.1m will result in financing costs. There are proposals as to how these on-going financing costs should be met (see below) but there are significant risks if these proposals are not fully achieved. Thus risk will have to be taken into account in the Council's capital programme planning, and will have the effect of reducing the extent to which other capital projects can commence.

The same is true of other areas of risk in the capital financing proposals for the Museum of Bristol – the risk of cost escalation and the risk of shortfalls in fundraising and S106 contributions.

## Revenue

The planned revenue budget for the Museum is set out in Appendix 4. In summary, the plan is:

	£'000
Museum operations – expenditure	909
Museum operations – income	(359)
Financing charges (from borrowing of £5.1m)	<u>442</u>
Net revenue cost	992

### To be financed from

Fundraising	70
Existing Industrial Museum budget	329
Staffing savings in the museums service	110
Allocation from Renaissance funding	303
Additional reductions to be achieved within the Museums Service/ CLS department	<u>180</u>
	992

However, there are clearly substantial risks. Most significantly:

- Plans for income from conferencing and fundraising are ambitious;
- Reductions in the overall level of Renaissance funding are anticipated, so earmarking £300k for the Museum of Bristol will compound the problems of achieving reductions from the level of activity experienced in recent years;
- The need to review staffing in the Museums Services has been identified, not least because of the Renaissance funding issue, but specific plans to achieve the required reductions are not in place.

For this reason, as indicated above, the capital programme will have to be planned allowing for the contingency of a shortfall in financing charges.

**Financial Advice:** Peter Robinson, Head of Corporate Finance and Procurement

**Legal Advice:** Sheelagh Dawson

**Land:** Owned by Bristol City Council

**Personnel:** Bristol's Museums Galleries and Archives are working with the personnel department as part of the Service Review

**Appendices:** Appendix 1 – HLF Letter  
Appendix 2 – Risk Register



## Central Support Services Legal Services

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To: The Members of Cabinet  
From: Stephen McNamara, Head of Legal Services, The Council House.  
Date: 15th November 2007  
Your ref:  
Our ref: IN/IE6/19  
Ext: 23768 Fax: 23836

### Agenda Item 6 – Museum of Bristol

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I regret the text of this report that that the Cabinet office received to circulate with the Cabinet agenda was not the final draft. It therefore does not contain the Legal Advice and an important clarification to paragraph 3.3.

The legal advice which should appear on page 11 is:-

- a. The Council's procurement regulations require that a contract must not be let unless it has adequate budgetary provision. This means that the other recommendations are dependent on the recommendation to amend the Capital Programme.
- b. The Council's procurement regulations also require any contract for works etc worth more than £250,000 to be by deed and a contract of the level applicable here to be bonded. This means that a letter of intent (see 3.3.) can only be used to cover preliminary preparation activity of low value. The full documentation must be completed and in place before HBG starts any actual work in January 2008.

(Advice provided by Amy Auton-Smith for Head of Legal Services)

The first two sentences of Para 3.3 on page 5 should read:-

The Council has already selected HBG as its development partner under a two stage procurement process. HBG has now submitted a basebuild contract sum of £14.2m subject to Cabinet approval and a confirmed start on site of 7<sup>th</sup> January 2008.

This means that the whole paragraph reads:-

3.3 The Council has already selected HBG as its development partner under a two stage procurement process. (HBG) has now submitted a basebuild contract sum of £14.2m subject to Cabinet approval and a confirmed start on site of 7th January 2008. The contract sum is held for decision until 16th November 2007 and all tender prices have been secured for a 7<sup>th</sup> January start on site. The impact of not issuing a letter of intent to the contractor on 16th November will result in 4 months delay which equates to £600,000 inflation costs as a result of having to re-tender all packages.

Yours sincerely

Stephen McNamara  
Head of Legal Services

23 October 2007

Our Ref: HF-02-00949/2

Julie Finch  
Deputy Head Museum of Bristol  
Bristol's Museums, Galleries and Archives  
Queens Road  
Bristol  
Avon  
BS8 1RL

**Project Title: Creating the Museum of Bristol: The People's Story**

I appreciate you and Stephen coming to HLF today to update me on the progress regarding Bristol Museum. It was good news that you have been able to sign off the capital costs with HBG and achieve 89% certainty on tender returns. The other good news was of course that you have managed down some of the risk.

I was pleased to note that the Council have agreed to fund the café although this does still leave you with trying to raise funds through the market place for the conference facilities.

Due to an increase in project costs HLF had agreed in July that the temporary exhibition space would be phased but had to be completed within 12 months of the project opening. You now consider that the temporary exhibition space is achievable within the base build costs if this is the case we are content on this basis for you to precede as originally planned.

We also discussed that the exhibition fit out for the permanent galleries has been reduced from £1,900 to £1,600. We agreed that once the exhibition tenders had been returned we could review whether this reduction would have any significant affect on the quality of the fit out. We also agreed to keep this area under review at each milestone.

I look forward to seeing you and the project team again in November.

Yours sincerely  
Amanda Newman  
Senior Grants Officer  
Direct Line: 020 7591 6161  
Fax: 020 7591 6274  
E-Mail: [amandan@hlf.org.uk](mailto:amandan@hlf.org.uk)

cc: Kevin Heaton, MDA

## Appendix 2

### SCHEDULE OF KEY PROJECT RISKS

RISKS	ACTIONS
1. BCC Team resource / capacity issues (Museums team issues predominantly but also need to commit BCC resources in respect of support functions e.g. Finance Team)	Establish Client Side Project Team Structure including defined roles and responsibilities; appropriate empowerment of staff; confirmed deployment of resources; preparing/ monitor Client Side programmes; take corrective action where necessary.
2. Failure to proceed with base build contract (would result in minimum 4 month delay and increase in costs of approximately £600k)	Approve and proceed to contract by 16 <sup>th</sup> November 2007 – Cabinet decision required.
3. Remaining unknowns within the ground/ opening up the existing structure.	Undertake necessary surveys/ site investigations; provisional allowances incorporated within the base build contract to allow for reasonable view on unknowns
4. Insufficient allowances within overall budget for exhibition inflation (potential HLF quality / approved purposes issue)	Identified as risk in Cabinet Report – Cabinet requested to underwrite risk.
5. Timely Resolution of Outstanding Design Matters to ensure adherence with base build information required / procurement schedules	Working with the Design Team/ Contractor to ensure Outstanding Design matters are resolved in a timely manner and information supplied in line with the base build contractual requirements
6. Realisation of projected revenue income in respect of commercial activities (to be run by BCC)	Further develop the business/operational plan and revenue income projections – Cabinet requested to underwrite BCC Finance Departments view on risks/exposure.
7. Bristol City Council/ Design Team introducing late variations/ changes to the current tendered scheme.	Establish/maintain robust formal Change Control Procedure.
8. Interfaces between the Base Build Construction Works and the Exhibition, FFE and Commercial Fit-Out Works / adjacent developments e.g. Museums Square / Umberslade Development	Progress and develop detail in respect of fit out works to enable co-ordination with base build / ensure co-ordination meetings in place in respect of adjacent developments.
9. Managing/controlling the expenditure associated with BCC's Client Side Costs	Put in place robust management and control procedures; ensure clarity where project costs being met by other BCC

	Budget lines e.g. Property, Museums revenue etc.
10. Discharge outstanding Planning Conditions	Establish Schedule of Conditions that identifies actions, parties and timescales; monitor the schedule and take corrective action where necessary
11. Failure to meet fundraising target	<p>BCC to underwrite fundraising target</p> <p>Setting up charitable trust and to down funding from Trusts and Foundations</p> <p>Establishing a comprehensive corporate package for corporate sponsors which includes use of the corporate facilities</p> <p>Launching a public campaign</p>