

SUPPORT FOR THE HAIG MINING MUSEUM – HERITAGE LOTTERY FUND BID

EXECUTIVE MEMBER: Deputy Leader, Councillor Geil
LEAD OFFICER: Michael Tichford, Head of Regeneration
REPORT AUTHOR: Michael Tichford, Head of Regeneration

Summary and Recommendation:

The report give the background to the Haig Mining Museum development and its bid to the Heritage Lottery Fund. The Council has been requested to be the accountable body for the funding and to be a joint applicant, at the HLF's suggestion, that this would strengthen the bid's chance of success.

Members are recommended:

- i) to support the Haig Mining Museum in its Heritage Lottery Fund bid through providing letters of support and accountable body functions.
- ii) to note the suggestion that bids for £25,000 per annum be made to the Council's capital programme in the years 2008/09, 09/10 and 010/11 to contribute to the Museum's suggested endowment fund.

1. INTRODUCTION

- 1.1 The Haig Mining Museum is a crucial element within the Coastal Fringe project of the Whitehaven Regeneration Programme. It is a scheduled ancient monument and of major cultural, historic and environmental importance to the town. Recent academic work has established the national importance of the industrial heritage of the Whitehaven coastal mines workings, of which the Haig is a major part.
- 1.2 The Haig partners have been working hard to establish a viable business plan to sustain the museum into the future. Funding to deliver the scheme has been identified from Heritage Lottery Fund (HLF), West Lakes Renaissance (WLR) and English Partnerships (EP). The Council has already agreed to provide £25,000 in 2009/10 to address a potential revenue funding gap.
- 1.3 The Haig Museum has been advised by the HLF that the bid will be much stronger if it is a joint bid with the Borough Council. Increasingly lottery funders are looking to councils to make firm commitments to projects through being co-signatories to bids.

2. ARGUMENT

- 2.1 The Haig Museum project is of undoubted value to the town and borough, however, this has to be weighed against the costs and current and future risks. The lottery bid will have a greater chance of success if the Council makes the commitment of funding and 'in kind' resources to the project. It should be noted that there is no internal budget allocation for this project and that the Council has in the last year been taking the stance that full cost recovery must be made where it provides project support services. Your officers are, however, concerned that this approach does not take into account the financial risk (based on project risk) associated with each project, which is part of the responsibility of being the accountable body. Not to say that the Council should not take on this risk but that it should be understood and agreed to by members.
- 2.2 In addition, the request from the Haig Museum to be a partner to the bid goes further in that the same HLF requirements that apply to the Haig Museum will also apply to the Council, such as a commitment to manage and maintain the facility for 10 years. If the project should for any reason fail during this period and the Haig organisation (charitable company limited by guarantee) cease the Council would take on full responsibility for discharge of liabilities required by the funders.
- 2.3 If the Council takes on the role requested of it for the HLF bid it is likely that the role of accountable body will also be requested in regard to the EP and WLR funding proposals of £800,000 and £1,200,000 respectively.
- 2.4 In summary the Council is being asked to be:
- **Accountable body**
Financial management services including audit. Also bearing the risk if the project does not achieve outcomes required by the funder. The Council takes on liability for funding clawed back from the project (50% of funding in the first instance thereafter on a reducing scale). In some circumstances VAT can be reclaimed but initial advice is that this would not apply for this project.
 - **Provide bank rolling services**
The Council bears the project costs for the period in between expenditure being incurred and external funding being received from the HLF. This is a cost to the Council's exchequer and requires additional financial administration.
 - **Partner to the project.**
The Council takes on the same responsibilities as the Haig Museum such as the requirement to ensure management and maintenance of the project for 10 years from the date of grant, or potentially face claw back of funding.

- 2.5 The HLF case officer has indicated that they would be expecting the Council to be making cash and in kind contributions to the project. In other words not expect cost recovery, in addition to making a budget allocation. Due to the short amount of time that has been allowed to make a decision officers are not able to give an indication as to what the costs would be. As mentioned there is currently no specific budget allocation to cover these costs although there is a capital budget (£70,000 in 2007/08) to support the Whitehaven Regeneration Programme. This has in part been allocated.
- 2.6 On the matter of a cash contribution discussion with the partners has suggested that capital budget bids over the next three years of £25,000 per annum, to contribute to the creation of an endowment fund to offset the expected revenue funding gap, might be an acceptable and manageable proposition.
- 2.7 Officers would not normally bring a report of this nature to the Executive without greater detail on the issues raised. However, a submission must be made for the Haig project by mid September, therefore, a decision is required at this Executive as to what level of support the Council will give to an HLF bid. If a submission is made without Council support the view is that it will have far less chance of success. If HLF funding is not secured the project may fail as the other funders may withdraw and a viable business plan will likely be impossible to achieve.

3. OPTIONS TO BE CONSIDERED

- 3.1 Options are to agree to:
- be a partner to the bid to the HLF,
 - provide accountable body functions and financial management services,
 - minimum support – letters in support to accompany HLF bid,
 - a mix of the first three options.

4. CONCLUSIONS

- 4.1 The Haig Museum project is a key element within the programme to regenerate Whitehaven. However, the level of support requested by the partners has significant resource implications and carries with it exposure to risk that it is not easy at the moment to quantify.
- 4.2 Without some measure of support from the Council to the HLF bid it may well not be successful, casting the whole project into doubt.
- 4.3 Members are recommended to agree to provide accountable body services but not be a joint bidder to the HLF. Should this be agreed

officers will have to identify the costs and funding implications and better understand the risk associated with the decision. A verbal update will be given at the Executive meeting.

5. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 5.1 The financial and human resource issues are discussed in the body of the report in so far as they are known. The Haig Museum bid to HLF is likely to be in the order of £1,300,000 after it was recently indicated that the already revised downward figure of £2,000,000 would be unrealistic.
- 5.2 It is suggested that bids for £25,000 per annum be made to the Council's capital programme in the years 2008/09, 09/10 and 010/11 to contribute to the Museum's suggested endowment fund which will provide an income stream to bridge the predicted revenue gap forecast in the business plan. This will have to be put forward in line with the Council's procedure for budget setting.

6. PROJECT AND RISK MANAGEMENT

- 6.1 There is significant risk associated with this project that can not at this point be quantified but is discussed in the body of the report.

7. IMPACT ON CORPORATE PLAN

- 7.1 A successful project would contribute to achieving several objectives of the corporate plan in terms of quality of the physical environment, heritage, employment, tourism, culture and education.

List of Appendices: None

List of Background Documents: Concept proposals: Haig Mining Museum, Hurd Rolland Partnership, July 2007

List of Consultees: Executive members, Corporate Team, Steve Tickner, Accountant.

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed . This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	Positive indirect impact
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Impact on Sustainability	Positive impact
Impact on Rural Proofing	N/A
Health and Safety Implications	N/A
Project and Risk Management	To be addressed
Impact on Equality and Diversity Issues	Positive impact
Children and Young Persons Implications	Positive impact – key focus in redevelopment proposals on children and young people/
Human Rights Act Implications	N/A

Please say if this report will require the making of a Key Decision YES/NO