

EXECUTIVE BOARD – 19 NOVEMBER 2013

Subject:	Nottingham Castle – Re-submission of Heritage Lottery Fund Bid (Stage 1)		
Corporate Director(s)/ Director(s):	John Kelly, Corporate Director for Communities		
Portfolio Holder(s):	Councillor Dave Trimble, Portfolio Holder for Leisure and Culture		
Report author and contact details:	Hugh White, Director of Sports, Culture and Parks 0115 8764980 Hugh.white@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Reasons: Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings <input type="checkbox"/> of £1,000,000 or more taking account of the overall impact of the decision	Revenue <input checked="" type="checkbox"/> Capital <input checked="" type="checkbox"/>		
Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City	<input checked="" type="checkbox"/> Yes		No <input type="checkbox"/>
Subject to call-in	<input checked="" type="checkbox"/> Yes	No <input type="checkbox"/>	Total value of the decision: £25 million
Relevant Council Plan Strategic Priority:	Wards affected:		
World Class Nottingham	<input checked="" type="checkbox"/>	All	
Work in Nottingham	<input checked="" type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Neighbourhood Nottingham	<input type="checkbox"/>		
Family Nottingham	<input checked="" type="checkbox"/>	Date of consultation with Portfolio Holder(s): 5 November 2013	
Healthy Nottingham	<input type="checkbox"/>		
Leading Nottingham	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
<p>This report seeks approval to re-submit a Heritage Lottery Fund (HLF) application in respect of improvements and development of Nottingham Castle. The application builds on the vision and proposals developed in connection with the Castle Working Party which were previously submitted to HLF in November 2012 and has been refined and improved to reflect feedback from the HLF, and a further round of consultation with key stakeholders.</p> <p>The submission forms the Stage 1 process of the HLF two stage competitive grant procedure and this initial bid will be to obtain funding in order that further detailed development work can take place.</p> <p>The grant forms an essential component of the financing required to deliver the ambition and the vision expressed for Nottingham Castle to become a world class heritage attraction and nationally significant centre for learning about protest and rebellion. At the same time it tells the story of Nottingham Castle and its role in shaping the history of Britain, together with the stories of the key people who have lived and worked here.</p> <p>The scheme accords closely with the broader strategic goals and ambitions of the City Council as expressed in the Council Plan and Growth Plan. It is also complementary to Retail Strategy priorities and the City Centre Time and Place Plan recently launched, and forms part of the Nottinghamshire Destination Management Plan for future visitor growth.</p> <p>The proposal and scope of the ambition for Nottingham Castle will be a step change in the way that the City is perceived and will act as a major economic regenerator contributing towards a vibrant City.</p>			
Recommendation(s):			
<p>1 To re-confirm the vision and key themes developed for Nottingham Castle and approve the re-submission of a bid for the development of Nottingham Castle to the HLF (Stage One) by</p>			

	30 November 2013.
2	To re-confirm the schemes inclusion within the Capital Programme as outlined in section 4 of the report.
3	To commit £0.600 million as a cost contribution towards the detailed development of the HLF Stage 2 submission over the financial years 2014/15 and 2015/16.
4	To re-confirm that the City Council will become the responsible body for undertaking the development of the scheme and will procure a specialist team in order to undertake the detailed development phase of the project, and that the Corporate Director for Communities be authorised to make any necessary appointments.
5	To agree the provision of project management resources, not financed by the HLF bid, as set out in section 4 of the report.
6	To note the key components of the bid and the risk identified.

1 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 1.1 On 9 May 2013 the Council received confirmation from The Regional Director of the HLF that our bid for £15million of funding towards the Nottingham Castle project had not been successful. A full debrief on our bid was sought from the HLF in June and, following this, a meeting was held with the Castle Working Party, chaired by Ted Cattle on 5 July 2013 in order to determine the next steps with the bid.
- 1.2 The feedback received from the HLF formally was very encouraging in terms of the previous Nottingham Castle bid, which was perceived to be of good quality. Importantly, encouragement was given for a resubmitted bid to be made, along with positive guidance on the areas the bid could be strengthened and improved further ahead of a re-submitted application to the HLF.
- 1.3 In August 2013, Focus Consultants were re-commissioned by Nottingham City Council to undertake the necessary specialist improvement work and address the key areas for further improvement.
- 1.4 The revised development scheme builds on last year's submission developed with stakeholders and the business led partnership, chaired by Ted Cattle, but has sought to strengthen those key areas highlighted during feedback and also take forward some of the key design features following additional public and stakeholder engagement activity. The key components of the scheme can now be summarised as:
- improved gatehouse entrance;
 - visitors orientation centre with café, reception and retail outlet;
 - groundworks to the Castle site with new activity zone;
 - a new Ducal Palace single storey courtyard extension and the re-establishment of what previously had been a double height exhibition Gallery space built in 1891 when the Museum first opened, to be part of the new Rebellion gallery offer;
 - improved access and interpretation of the site's caves including two new interpretation exhibitions on site;
 - re-laid out museum and improved temporary exhibition galleries, environmentally controlled, for enabling quality touring international exhibitions to be attracted to the Castle;
 - improved Ducal Palace café/restaurant offer;
 - lift access between Castle site and Brewhouse Yard;

- revamped handling and collections stores in the Waterworks Building;
- revitalised Museum of Nottingham Life with a new ground floor City of Caves story for Nottingham;
- improved use of technology for display and interpretation to encourage greater visitor participation.

1.5 The development bid contains the following three core themes that support the overall vision:

Theme 1 - Nottingham Castle: Mediaeval fortress to Ducal Palace today

- to uncover and tell the rich and multi-layered history of the Castle site over the centuries (learn);
- to open up access to experience the caves and understand their history (explore);
- to reveal more of the mediaeval site and improve the area to allow greater access for activities and events (participate);
- to provide exciting access between the Castle site and Brewhouse Yard / Waterworks site and across into the City Centre (link);

Theme 2 - Protest, Rebellion and the rise of Democracy (New interactive and participative gallery)

- to use Robin Hood to help lead visitors through 1,000 years of the history of Nottingham, to explore national issues around protest, rebellion and democratic freedoms, citizenship and civil engagement, involving people with the present as well as the past;
- to stimulate through debate, participation, reflection, challenge and incorporate users' contributions;
- to bring the story of mediaeval Nottingham Castle to life in an exciting and fun way that will appeal to all the family.

Theme 3 - Creative City: Building upon the existing Ducal Palace Art Galleries

- to understand the founding vision of the current museum by exploring how creative design continues to stimulate manufacturing and the Nottingham economy;
- to enhance access to and improve understanding of the Museum's extensive heritage and art collections;
- to use and celebrate the cultural connections of the world, to Nottingham.

1.6 A needs analysis was commissioned for the bid which, to date, has resulted in over 2800 responses being received, as well as focus groups, consultation with schools and facilitated visits to the Castle. The results of this work have helped inform the project scope of the bid with the recurring themes arising from the consultation being ways to increase opportunities for learning and participating in the history of the Castle.

1.7 The top three suggestions for developing the Castle being:

- providing more access and understanding of the caves;
- enhancing and exploring the Mediaeval Castle;
- learning about Robin Hood.

2 REASONS FOR RECOMMENDATIONS

2.1 In order to progress with the development at Nottingham Castle, it is proposed to submit an initial funding bid to HLF by 30 November 2013.

2.2 A successful Stage 1 bid will allow the project to be developed further (RIBA stage D) and enable the attraction of match funding for the next stage of development.

- 2.3 The proposals look to address declining visitor numbers to the site and, through a significant programme of investment, realise the potential for Nottingham Castle to become a world class heritage attraction and significant economic catalyst for the regeneration of the city. The investment will also safeguard against future maintenance liabilities of the Castle and enhance both visitor and City residents' appreciation of the history and national significance of Nottingham's role in delivering social justice.
- 2.4 An extensive public consultation exercise was undertaken which re-emphasised the expectations and ambitions that people would like to see Nottingham Castle better fulfil.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Doing nothing was rejected as it would result in
- a continuation in the decline of visitor numbers;
 - a decline in income to the City;
 - a need to increase the subsidy required for the maintenance and running costs;
 - a failure for Nottingham Castle to achieve its full potential as a visitor attraction.
- 3.2 Applying to the HLF based on a series of regional applications for more modest funding was rejected as it would result in:
- a significant risk through a repeated programme of competitive bidding rounds;
 - increased management and project costs due to the multiple projects being managed over a longer period of time.

4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 4.1 During the next phase of development a further report will be brought to Executive Board to outline any further financial considerations and consider the most appropriate management and future governance arrangements.
- 4.2 The scheme is only financially viable if the Castle were to be operated by a non-profit distributing organisation (referred to in this report as "The Trust") due to additional tax costs that would be incurred if an alternative approach were to be adopted. Following the development (if not transferred to The Trust) the City Council would, based on current regulations, incur additional VAT of £3 million on the scheme in each of the years in which the significant development costs were incurred.
- 4.3 A high level business case has been developed by Focus Consultants, looking at the implications for the management of the redeveloped Nottingham Castle site (post development). The business case recognises that the most cost efficient management arrangement would need to be pursued, and the business case has modelled the operation on a Trust style management arrangement.
- 4.4 The capital cost of the scheme is estimated to be £25 million based upon an independent assessment of cost. Table 1 shows the indicated profiled expenditure on the project:

Table 1 – Capital expenditure analysis – Castle project								
Description	14/15 £m	15/16 £m	16/17 £m	17/18 £m	18/19 £m	19/20 £m	20/21 £m	Total £m
Development stage	0.600	0.600						1.200
Build costs			5.527	8.290	8.290	1.393	0.300	23.800
TOTAL	0.600	0.600	5.527	8.290	8.290	1.393	0.300	25.000

- 4.5 The capital financing is as yet unsecured. The assumed funding profile is shown in

Table 2:

Table 2 – Capital financing – Castle project	
Description	Total £m
HLF	14.000
City Council*	5.500
Regeneration/ERDF grants	2.500
Trusts and foundations	1.000
Private donations	2.000
TOTAL	25.000

* The detailed development of the scheme to HLF Stage 2 is estimated to cost £1.2 million (included in Tables 1 and 2). The Stage 1 submission to HLF includes a bid request of £0.6 million towards this cost with the City Council's commitment being £0.6 million being financed from reserves.

- 4.6 The financing from Regeneration/ERDF grant, trusts and foundations and private donations (total £5.5 million) are not secured at this point in time. A company limited by guarantee with charitable objectives (see section 5.4 below – this is not the operating Trust as referred to above) is in the process of being set up, and it is anticipated that its objectives will be consistent with HLF bid match funding requirements and that the company's fundraising could, therefore, be applied to this project, if the bid is successful. The City Council and external supporters will have two years to secure these funding streams before the final decision to go ahead with this project is made.
- 4.7 Revenue consequences - Focus Consultants have prepared a refreshed high level business case for the future operation of the Castle should it be operated by a Trust, based on prediction of future income generation and operating costs.
- 4.8 The conclusion of the plan is that the Castle project is now projected to reach a break-even position from 2020/21. The break-even position is achieved earlier than anticipated due to increased admissions assumed from improved demand analysis now available.
- 4.9 The detailed development of the scheme will incur additional revenue cost for project management. As part of the detailed development project costs an allowance for client management and specialist appointments are included in the Stage 1 HLF bid being submitted. It is recognised that whilst a decision from the HLF is unlikely to be received until April 2014, the Council will still need to provide some project management resource in order to progress procurement and ongoing stakeholder engagement to ensure that, should the bid be successful, we are able to progress quickly with a suitably qualified team to undertake the development phase of the project. Furthermore the City Council will incur some elements of project management that are outside the scope of the HLF bid. The cost estimate for this work is £100,000 over at this stage and this will be financed from un-earmarked reserves.
- 4.10 There are a number of additional financial risks that are inherent in a scheme of this size and nature that were identified with the initial submission that remain relevant. The development phase of this project will seek to mitigate as far as possible these risks:
- development of a detailed design identifies further cost pressures;
 - implications of any staff transfer issues should they arise;
 - high level business case is over-optimistic on projected income levels;

- other contributions do not achieve predicted levels requiring further finance from the City Council (the unsecured funding would cost an additional £368,000 per annum using prudential borrowing);
- reduced income whilst the building works are undertaken. Income levels could reduce;
- the additional cost of the operating model during construction phase.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 5.1 The City Council has the freehold interest in the site of the Castle. Some leasehold interests exist in parts of the site; these will either co-exist with the new project or will need to be the subject of negotiation for acquisition.
- 5.2 Although decisions required in this report relate only to progression to the next phase of the grant application process, decision-makers need to be aware that HLF grant conditions affecting the site, including buildings associated with the Castle, will place significant restrictions on the Council's future ability to deal with these assets. Equally, future decisions concerning ongoing operational management and occupation of the site will be influenced by prospects for the successful outcome of the HLF bid process, HLF requirements and the tax and business case implications of potential operating models. Section 4 makes reference to this, but detailed work will be required if such a model is developed, including addressing any procurement and TUPE implications.
- 5.3 In view of the status of the land and buildings on the site, a wide range of regulatory approvals will be required for its development.
- 5.4 The Council has recently supported the creation of Nottingham Castle Trust Limited, a company limited by guarantee with charitable objectives relating to the Castle. This is a body independent of the Council, although linked through one nominated Director. The Council will liaise with the company as the bid progresses and it is anticipated that the company's fundraising activity will be consistent with the project's objectives.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 An Economic Impact Assessment was commissioned as part of the 2012 bid submission. Initial findings identified the following added value that a redevelopment of the Castle would have in Nottingham over a ten year period if the development takes place:
- an increase in visitor numbers from 196,000 (today) to over 315,000 annually (2025);
 - an increase in value to the Nottingham economy of over £77,000,000, made up of increased visitor spend, increased spend on goods and services in the local economy by the redeveloped Castle site, the economic value of volunteering at the Castle, as well as the wider regeneration benefits that will be achieved on adjacent sites;
 - an increase in economic opportunities during the development equivalent to 1,481 short term jobs;
 - an increase of full time jobs created (over a ten year period) of 1348, consisting of 36 direct new jobs at the Castle and 1,312 jobs created as a result of increased visitor spend in the economy.
- 6.2 An updated Economic Impact Assessment has been commissioned to support this 2013 bid and will be ready for the submission document by 30 November 2013.

7 REGARD TO THE NHS CONSTITUTION

7.1 Not applicable.

8 EQUALITY IMPACT ASSESSMENT (EIA)

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions at implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Council Plan 2012-2015

10.2 The Nottingham Growth Plan

10.3 The Nottingham City Deal

10.4 Executive Board report and minutes – 20 November 2012

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

Nigel Hawkins, Head of Culture and Business Management, Sport, Culture and Parks

Glen O’Connell, Director of Legal and Democratic Services

Geoff Walker, Head of Departmental Finance Support

Name and brief description of proposal / policy / service being assessed

Approval of Funding for the submission of a first stage bid to the Heritage Lottery Fund for the development of Nottingham Castle.

Information used to analyse the effects on equality

	Could particularly benefit (X)	May adversely impact (X)	How different groups could be affected: Summary of impacts	Details of actions to reduce negative or increase positive impact (or why action not possible)
People from different ethnic groups	X	<input type="checkbox"/>	<p>The capital works will include much improved technology, which will benefit all ethnic groups, through the ability to communicate in a variety of languages. In addition to this the improvement of signage, will allow a much easier orientation of the Nottingham Castle site.</p> <p>The current visitor profile does not fully reflect the ethnic background of the population of Nottingham, with visitor surveys indicating that less than 11% of visitors are from a non white ethnic background compared to a non white population of almost 25% in Nottingham.</p> <p>The improvements to the surrounding areas of Nottingham Castle will have a positive impact on disabled people, as any alterations will take into account current DDA requirements and provide more accessible spaces.</p>	<p>Continue to consider equality as the design of the project progresses.</p> <p>Continue to monitor attendance and make necessary adjustments to improve the statistic for attendance of people from a non white ethnic background.</p>

<p>Men, women (including maternity/pregnancy impact), transgender people</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Proposals include the provision of a lift to allow access from the Brewhouse Yard to the Castle Grounds, which are currently accessed on foot by a step pathway. They will also include works to the grounds, which will improve pathways and introduce the provision of ramps. In addition to this a new visitor welcome centre will be built in accordance with current building regulations and will provide a much improved reception access for disabled people and carers.</p>	
<p>Disabled people or carers</p>	<p>X</p>	<input type="checkbox"/>		
<p>People from different faith groups</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The bid to the Heritage Lottery Fund will focus on education, which will a positive input on younger people's development and education. The improvement to the gallery space and the handling areas, will impact on people from all generations. In addition to this, the use of much</p>	

				improved technology will provide an improved offer for both older and younger people.	
Lesbian, gay or bisexual people	<input type="checkbox"/>	<input type="checkbox"/>			
Older or younger people		X	<input type="checkbox"/>		
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input type="checkbox"/>		<input type="checkbox"/>		Continue to monitor against HLF outcomes
Outcome(s) of equality impact assessment:					
No major change needed	X	Adjust the policy	<input type="checkbox"/>	Adverse impact but continue	<input type="checkbox"/>
Arrangements for future monitoring of equality impact of this proposal / policy / service:					
Continue to consult with school throughout the development of the project. This will ensure that modern methods of teaching can be delivered to ensure that the positive impacts on those groups identified are maximised.					
Approved by:-	Hugh White			Date sent to equality team for publishing:	6.11.13

