

Report to the Cabinet

Meeting to be held on Thursday, 1 December 2022

Report of the (Acting) Director of Education, Culture and Skills

Part I

Electoral Division affected:
Preston City;

Corporate Priorities:
Delivering better services;

Re-imagining the Harris – Harris Your Place

Contact for further information:

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Brief Summary

The Re-imagining the Harris project is a partnership between Lancashire County Council and Preston City Council which was established in 2015 with the aim of transforming the Harris Museum, Art Gallery and Library (the Harris).

A request for additional funding has been made to Lancashire County Council by Preston City Council as a contribution to the rising construction and refurbishment costs associated with the project.

Recommendation

Cabinet is asked:

- (i) That provision of additional funding of £375,000 is agreed in principle as Lancashire County Council's contribution to the funding gap which has been identified due to rising costs associated with the project.
- (ii) To authorise the Director of Corporate Services in conjunction with the Director of Education, Culture and Skills the negotiation and approval of such legal agreements as are appropriate to secure Lancashire County Council's interest in the funding.
- (iii) To authorise the Director of Finance to clarify and determine the source of the funding, in consultation with the Cabinet Member for Resources, HR and

Detail

The Harris is a Grade 1 listed building owned by Preston City Council which runs the museum and art gallery within the Harris. Lancashire County Council leases 40% of the building to house the largest library in the county council's library service. The city council and county council established the 'Re-Imagining the Harris' project in 2015, sharing the costs of a Project Leader and securing support from Arts Council England. On 20 December 2019, Lancashire County Council, as part of the section 101 agreement, delegated the responsibility of running the library service to Preston City Council.

At its meeting on the 9 June 2022 Cabinet agreed to release the remaining £750,000 of the £1m funding previously agreed at Cabinet on the 9 August 2018 with £250,000 having been paid towards the support of the bid as agreed in November 2017.

The capital project's aim is to create a sustainable and high quality offer, with constantly refreshed and community led museum, art gallery, library services and cultural activities delivered seamlessly. An objective is to effectively utilise the unique opportunities provided by the Harris, as an iconic Grade 1 listed building and civic focal point for the city, housing a library, museum, and art gallery, with an excellent range of collections, and to create an animated cultural and community hub for the people of Preston and Lancashire, with a diversified range of income streams.

The project has been progressing at a volatile time for prices, and a difficult time in general for the construction industry. Prices have increased dramatically over the last few months. Recent statistics from the Department for Business, Energy and Industrial Strategy noted that in April 2022 compared to April 2021 there was a 25.2% material price index increase for 'All Work'. The price increases within the construction sector, and the knock-on effects of wider increases such as in utility bills has had a dramatic impact on the costs for the project which were priced for the Heritage Fund Round 2 application in 2020, with many costs increasing above the predicted inflation levels.

Additional funding of £1.26m has been agreed by Preston City Council and £250,000 of additional funding has been secured from the National Lottery Heritage Fund. Trusts and foundations associated with the project are being approached to provide additional funding which, subject to approval of the request to the county council should bridge the total funding gap of £2.45m.

Consultations

Targeted public consultation concerning the project has been undertaken and continues in a range of communities across Preston and beyond, including young people and families.

Implications:

This item has the following implications, as indicated:



Risk management

Legal

The transfer of grant funding from the county council to a third party organisation would normally be subject to a grant funding agreement, in order to protect the county council's position and permit clawback of the funding in the event of the project not proceeding, or not proceeding to the county council's satisfaction. Following Cabinet approval to allocate £1m of capital expenditure to the project in August 2018, a grant funding agreement was not entered into with Preston City Council as the funding was only to be drawn down if the Lottery funding was secured.

Consideration has been given to retrospectively entering into a grant funding agreement in respect of the original £1m funding allocation and the additional funding of £375,000 recommended in this report (if approved). In the circumstances however, any risk to the county council is considered to be mitigated by the following factors:

- (a) The county council is represented on the project board, which meets monthly. The county council therefore has good visibility on the progress of the project works undertaken by the appointed contractor and assurance as to project spend.
- (b) The funding is being released to Preston City Council in stages as work progresses. £250,000 of funding has been released to date. A further £250,000 is proposed to be released in 2022/23, two further instalments of £250,000 are to be released in 2023/24, with the final £375,000 instalment which is the subject of this report to be released in 2023/24, if approved.
- (c) The project is also subject to external funding from other funders, who will also release funding in stages subject to satisfactory progress of the project as agreed at project board meetings.

In the circumstances, Legal Services will support the county council in the preparation of such legal agreements are deemed appropriate to secure Lancashire County Council's interests in the funding.

Financial

The additional monies could be secured from an application to the Lancashire Levelling Up Investment Fund or remaining Lancashire Economic Recovery & Growth Fund.

Committing to the additional funding from either of these two programmes would mean no additional borrowing on top of the £750,000 existing commitment.

Officers will work with Preston City Council to identify the most effective route to fund this commitment should it be approved



Should the additional £375,000 funding request be granted and be approved to be funded by additional borrowing this will have a c£30,000 pa impact on the revenue budget over a 20 year life.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

