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**To:** Economy & Jobs Policy Board

**On:** 18 November 2015

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**Report by:** Director of Development and Housing Services

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**Heading:** The Regeneration of Paisley Town Centre - Paisley Museum Project

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## **1 Summary**

- 1.1. The Paisley Heritage Asset Strategy was approved in January 2014. The strategy included a number of key projects which together contribute to the regeneration of Paisley Town Centre. This paper provides an update on the development of an Outline Business Case for the Paisley Museum redevelopment – the flagship project of the strategy, and seeks approval for a £15 million grant funding bid to the Heritage Lottery Fund with match funding from the Council's established regeneration funds.
- 1.2. The Outline Business Case (OBC) provides a new vision for Paisley's museum, and proposes a significant redevelopment of the museum, telling the story of the town through the collections and building on best practice in museum design and development. The overall aim of the project is to deliver economic regeneration benefits for the town. The economic impact analysis estimates that the project will draw an increase in annual visitor numbers to 150,000 visits per annum from the current base of less than 50,000 visits and contribute 238 jobs to the local economy both through increased visitor numbers and by targeting opportunities for local people and suppliers in all parts of the project.
- 1.3. The paper notes that the project also provides an opportunity to deliver an enhanced lending library service for Paisley and further regeneration benefits for the town centre through the consideration of options for an alternative location in the heart of the town centre. The paper seeks approval to start a consultation exercise with service users and wider interests on this opportunity, the results of which will be reported back to members for their consideration.
- 1.4. Significant effort has been made to fully quantify costs for the project including all construction and fit out costs but also all of the costs that will be incurred in

developing and staffing the new facility. A total project cost has been defined as £56.7 million.

- 1.5. Should the Board support the Report a major fund raising effort will be required with the first steps towards that being the confirmation of £15 million of Council resources to match fund an application to the Heritage Lottery Fund for £15 million on 1 December 2015.

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## **2 Recommendations**

- 2.1 It is recommended that the Board:

- i. Notes the progress made on the development of the concept design and Outline Business Case for the extension and refurbishment of Paisley Museum.
- ii. Agrees to the submission of a major grant application to the Heritage Lottery Fund for £15 million support to develop and deliver this project.
- iii. Agrees to earmark £15 million from the approved Regeneration Fund resources to support the delivery of the Museum project.
- iv. Authorise officers to conduct a consultation exercise with library users and wider interests on the options for the potential relocation of the Paisley Central Lending Library
- v. Agrees meantime to earmark £2.7m from the approved Regeneration Fund resources to support the redevelopment of Paisley Central Library.
- vi. Note that further reports on the outcome of the grant application and any public consultation process will be brought back to members for their consideration.

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## **3 Background**

- 3.1 Paisley and its town centre is vital to the economic and social performance of all of Renfrewshire. The Paisley Heritage Asset Strategy which was approved in January 2014 sets out an ambitious vision for Paisley including the development of a signature museum project of national status, developing opportunities to improve the visitor offer and rebrand Paisley as a visitor destination, providing employment and regeneration opportunities. The Strategy highlights the potential to significantly improve the performance of Paisley's tourism economy, creating around 800 new jobs in the town. The Paisley Museum redevelopment is the flagship project of the regeneration strategy, contributing 238 new jobs to the overall target.

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## **4 The Regeneration of Paisley Museum**

- 4.1. A team of specialist consultants led by the internationally regarded museum designers Metaphor and including Page & Park Architects and BOP Consulting were appointed to develop a vision and Outline Business Case to transform the museum. This Outline Business Case is required to gain wider support and funding for project delivery from organisation such as Heritage Lottery Fund, Historic Scotland and a

range of other organisations. A copy of the Outline Business Case is available to members from the Director of Development and Housing.

- 4.2. This work has confirmed the Museum's potential as envisaged by the Paisley Heritage Asset Strategy and clearly articulates how the Museum can evolve to be at the heart of new economic as well as cultural activity in the town. The redeveloped museum will be a crucial venue, focus and component of Paisley's bid to be UK City of Culture 2021.
- 4.3. The business case is based on a conservative estimate of 150,000 visitors a year which is a threefold increase from the present position. The vision for the project has been driven by the strengths of the Museum's collections and stories. This will be a Museum that will tell – "Stories from a Textile Town that changed the world". At this stage the architectural vision remains conceptual, indicative of the form and feel of new and refurbished internal and external spaces.
- 4.4. The recommended concept sets out a significant refurbishment of the existing Museum from its High Street frontage up to and including the Observatory and associated properties on Oakshaw. In addition new space will be created to the west of the current building complex, building into the hill side to create a new entrance pavilion and exhibition space for Paisley's internationally recognised icons – the Paisley shawls and looms. At ground level above these new galleries a 'Museum Garden' will bring a new outdoor dimension to the complex, by being planted and curated to demonstrate the linkages between nature and design and colour.
- 4.5. The refurbished Museum spaces will tell the stories of Paisley, not just the things made here but also the people who shaped both the town and the wider world by their actions and thoughts. There are remarkable stories to tell matched by the equally fine collections to tell them through.
- 4.6. The audiences for the Museum have been carefully considered. Key audiences have been identified which will support the delivery of social as well as economic outcomes. The groups that are considered to be the visitors of the future Museum range from tourists and day trippers, local families, people facing additional challenges, young people and formal learning groups. A constant and significant driver for the project is accessibility. Access to and within the current building is very problematic. The concept recommended resolves these issues.
- 4.7. To maximise the potential for the new Museum's wider impact and inclusion within the community the core Museum function will be supported by extensive programmes of education and community outreach in areas such as weaving and making, nature and natural history, and science and astronomy. Partnerships will be formed with local institutions, including the Paisley Arts Institute, College and University and local groups and volunteers to ground the Museum locally. To extend its profile nationally and internationally partnerships are already being pursued with the National Museum of Scotland and French, Italian and Indian institutions.
- 4.8. New spaces will be created for café/restaurant space and a retail offer that will showcase Paisley products, some anticipated to be made on site or from linked projects elsewhere in the town. The Museum will have the facilities to host events, conferences and temporary/touring exhibitions. There is also an opportunity to

convert the associated properties on Oakshaw into workshops spaces and residential flats to let.

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## **5 The Outline Business Case (OBC)**

- 5.1. The OBC follows HM Treasury guidance for the development of capital projects, and as such, comprehensive costing, risk analysis and assessment of 'optimism bias' has informed a gross capital cost of £56.7 million, an inclusive cost to take the project through the further design stages, construction and fit out. The development programme takes construction through to 2021 and a proposed series of phased openings to maximise excitement and impact through the anticipated City of Culture year.
- 5.2. As referred to above particular attention has been given to the audience potential of the new Museum. Consultation with and analysis of the current and potential audience has directed the scale of the project and the broad themes that will be explored in the detailed story planning to come. Research has also informed the assumptions about overall visitor numbers (150,000 visits per annum) and the revenue raising potentials of the commercial opportunities.
- 5.3. As anticipated, revenue costs increase for the new Museum to operate. Current revenue spend of £1.6 million per annum would grow to £2.5 million per annum. Supportive revenue streams have therefore been very important in the business planning. The Museum will remain free to enter therefore the catering and retail aspects of the project are important to underpin the operating model. These can be supplemented by special exhibitions for which a charge can be made to view and by rental income from use of the associated properties on Oakshaw.
- 5.4. The business plan concludes that on a revenue budget basis, the project is projected to be cost neutral i.e. the growth in operating costs are expected to be offset by a growth in income derived from the enhanced facilities and therefore the level of net subsidy by the Council will remain unchanged.
- 5.5. In this context it is important to recognise that as a consequence and coupled with the anticipated increase in visitor footfall, the Museum will move from a near 100% reliance on public subsidy income, from the Council, and a cost per visit of £44 to a 53% reliance on Council support at a cost per visit of £17.
- 5.6. The economic impact of the project has also been assessed. This takes account of the construction phase of the project, the expanded operating model of the Museum and the new visitors over a 30 year period. This represents a boost in excess of £89 million to the local economy.
- 5.7. Referring back to the ambitions of the Paisley Heritage Asset Strategy, it set targets of achieving actions across the town that in combination would lead to an increase of £45m annual income, supporting 800 new jobs in the town. The economic appraisal of the project calculates that it would contribute £9.3 million per annum through the development phases of the project (the capital spend) and beyond that £1.4 million through revenue and visitor spending per annum and in total support 238 jobs

towards the strategy's targets. These figures will be further enhanced as the Council targets opportunities for local people and suppliers in all parts of the project.

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## **6 Paisley Central Library**

- 6.1. Paisley lending library is currently located within the museum building. It attracts a large number of visits per year (131,000) and provides a space for a broad spectrum of local residents to browse and borrow books and take part in activities. Whilst the service is relatively well used and popular, the existing facility does face a number of challenges including accessibility issues and restricted space for increasing demand for public access pc's and children's activities. The outline plans for the museum currently anticipate that the space occupied by the lending library could be used to expand the scope and variety of collections on display and provide the types of enhanced museum services outlined above.
  - 6.2. There is therefore an opportunity as part of the museum redevelopment project to also significantly enhance the current library provision by facilitating a growth in activities for children and young people, provide an extension in the public access pc's and provide a fully modern and accessible facility, in an alternative facility. The possibility of incorporating further complementary activities and services can also be considered, such as a cafe and a box office for local events. This report seeks approval to commence consultation on the options for the potential relocation of the lending library within the town centre, and to determine what spaces/services current and potential library users would like to see in a new facility. The relocation of the library may have the additional benefit of bringing back to use a vacant town centre property, if suitable, and fulfil one of the aims of the regeneration strategy for the town centre, by introducing a new use for town centre property and encouraging footfall with potential positive spin offs for local traders
  - 6.3. Initial cost assumptions for a new library have been developed using the expertise assembled to develop the Museum project and for budgetary purposes have been estimated at £2.7m. These costs can be met from within the existing Regeneration Fund resources. Subject to Board approval, officers will take forward a consultation process with users on the potential relocation of the lending library and will commence investigation of potential location options.
  - 6.4. The Heritage Centre Library would remain very much a critical part of the Museum and would continue to be housed within the Museum buildings.
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## **7 Funding and application to HLF**

- 7.1. The Council through budget decisions in 2014 and 2015 has made available resources to fund at least £22 million of regeneration capital and project work. There have been draws on this budget already with the Russell Institute project, relocation of the Museum Stores, new Townscape Heritage project for the town centre and the bid for the UK City of Culture and associated event costs. Nevertheless, the Director

of Finance and Resources has confirmed that £15 million is currently available to earmark from these existing resources to support the Museum project.

- 7.2. A critical external funder for this type of project is the Heritage Lottery Fund (HLF). The Fund is a major supporter of Museum projects across the UK and has the ability to grant up to £15 million to projects that meet all of their requirements. HLF has supported several regeneration projects in Renfrewshire, such as the Townscape Heritage Initiative (two projects), The Castle Semple Heritage Trail Project and the Grand Fountain restoration. However this is a grant of a very different scale, the process for which is far more testing.
- 7.3. Assessment however, informed by discussions with HLF officers, is that the project will fit the requirements for a major grant. Applications for major grants must be submitted by 1 December 2015 and will be assessed by the Scottish Trustees before being determined at the UK Board in April 2016. This report seeks the Board's approval to submit this application and the outcome of the application process will be reported to members.
- 7.4. Taking into account the targeted application of £15 million to HLF along with a match funding commitment from Council resources, there will remain a significant fund raising effort in the context of the £56.7 million estimated project costs. It is envisaged that the funding strategy employed to support the project will extend beyond accessing normal grant awarding bodies such as HLF and will include exploring more innovative funding avenues and developing bespoke fundraising opportunities, as has been adopted by public bodies for other similar cultural projects. It is anticipated that the Council will look to access specific expertise during further design and development phases of the project to support the development of funding strategy that will seek to maximise opportunities to deliver the remaining estimated funding requirement.
- 7.5. The Outline Business Case developed by the Council will provide the key supporting documentation to the funding application to the Heritage Lottery Fund, and is available to members as required from the Director of Development and Housing.

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## Implications of the Report

1. **Financial** – The purpose of bringing this report to the Board is to seek authority to submit a major funding application to the Heritage Lottery Fund seeking £15 million towards project development and delivery. This requires at least a like for like funding match from the Council. This can be met from resources already committed to the delivery of heritage regeneration projects within Paisley town centre. Nevertheless significant resources will require to be identified from other funding sources, for which a major fund raising effort will be required.
2. **HR & Organisational Development** – HR & Organisational Development –There are significant recruitment requirements for both the delivery of the project and for the new Museum staffing structure required to operate the expanded facility and services. These are detailed in the application to the Heritage Lottery Fund.

### 3. **Community Planning**

**Jobs and the Economy** – the project will significantly support the objectives to develop Renfrewshire a thriving place, supporting local places, businesses and communities.

**Community Care, Health and Wellbeing; Children and young People; and Safer and Stronger** – the project aims to deliver one of the most accessible Museums in the country and run significant programmes to reach audiences irrespective of age or physical, health or financial position

**Greener** – the capital works will provide a significant opportunity to improve the efficiency of the buildings. A carbon management plan will be produced at a more detailed design stage.

**Empowering Communities** – there will be new roles and opportunities for Museum Volunteers in the completed Museum and content will be developed in partnership with communities, ensuring that the museum has a strong community identity.

4. **Legal** – A Memorandum of Understanding is being developed with the Paisley Arts Institute to research fully the ownership of parts of the Museum's collection where clarity is still required. This will also seek to establish clear management arrangements for the Institute's operational needs.
5. **Property/Assets** – The project significantly extends and refurbishes Paisley Museum. Future running and maintenance costs have been estimated in the OBC supported by the Council's continued role as the owner of the building and from new revenue streams that will support the future Museum and service.
6. **Information Technology** – Provision of ICT infrastructure in the new Museum will require specialist and sophisticated skills and will evolve during the future design phases. The Museum will need to be supported by a robust Collections Management system and web site.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - None at this stage of project development
9. **Procurement** – All commissions referred to in this report will be procured through the appropriate procedures set out in the Council's Standing Orders Relating to Contracts. The Services of the Central Procurement Unity have been engaged to develop a Procurement Strategy for the coming phases of the project if approved.
10. **Risk** - The programme actively monitors key risks and issues associated with delivery in accordance with the Council's Project Management Framework.

There are inherently significant risks in a project of this scale and nature, around financial assumptions, funding availability and return on investment. The top rated

risks are currently as follows and mitigating actions and allowances have been made and will be continually monitored.

- The building structures may be in very poor condition and condition surveys may uncover the need for further investigative works, which may lead to a requirement for more refurbishment and impact on budget.
- Costs associated with the project development phase are not yet established and liable to be significant, which could lead to uncertainty around final funding figures required.
- Analysis indicates that in order to achieve the best possible return on investment in terms of economic and social impact, significant levels of investment will be required. The full range of anticipated benefits can only be realised if the full investment amount is secured, although this will be challenging to achieve.
- It is anticipated that the redeveloped museum, through significant targeted investment, will achieve a step-change in museum experience and usage, resulting in a significant uplift in visitor numbers, with the associated benefits for the town and surrounding communities. It is imperative that the overall vision and design is of sufficient quality and maturity, otherwise the full return on investment may not be achieved.

11. **Privacy Impact** – None.

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**List of Background Papers**

- (a) Report to Economy and Jobs Policy Board, 29 January 2014, Paisley Heritage Asset Strategy
- (b) The Paisley Museum Draft Report and Outline Business Case, prepared by Metaphor, BOP Consulting and Page\Park Architects

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