

**Manchester City Council
Report for Resolution**

Report To: Executive
Date: 13th January 2010
Subject: National Football Museum at Urbis
Report of: Chief Executive

Summary

This report updates Members on work undertaken to facilitate the relocation of the National Football Museum (NFM) to Urbis, including implications for staff at Urbis, progress towards securing capital funding from partners and programming update. Approval is sought for capital investment for the adaptation of Urbis, together with additional one-off revenue support for the transitional period.

Recommendations

- i. To note the final decision made by the Trustees of the NFM to relocate to Urbis and the subsequent approval by the Millennium Quarter Trust (MQT), who operate Urbis on behalf of the Council.
- ii. To note the implications for the current staff at Urbis, the arrangements for a transition team during the closure and construction period for the new museum and the support arrangements in place for staff at risk.
- iii. To note that the Chief Executive is actively pursuing partnership funding for the capital conversion of Urbis.
- iv. To recommend to Council to increase the capital programme by £8m to be funded through the capital fund.
- v. To approve an additional one-off revenue grant of up to £350k to MQT in this financial year to cover the transitional costs of the Urbis operation and a further £100k to be paid direct to NFM as a contribution to storage costs for the collection at Preston.
- vi. To note the significant progress that has been made on the development of the creative vision for the new museum and the delivery arrangements for the project, including future governance.
- vii. To note the status of positive discussions with Channel M in relation to their relocation from Urbis.

- viii. To delegate to the Chief Executive, with the City Solicitor, City Treasurer and Head of Corporate Property the approval, finalisation and execution of the lease, sub-lease, and funding arrangements for the new museum between the relevant parties.
- ix. To request a further report to the March Executive including a report on the new Business Plan for NFM at Urbis, a progress report from the Project Board now established to deliver the capital project and progress on securing capital funding.

Wards Affected:

All Wards

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Relocating the NFM to Urbis will attract new visitors to the City, with the increased expenditure contributing to the sustainable economic growth of the City region. The relocation of the NFM will also promote the Millennium Quarter as a cultural tourist destination, bringing increased visitor spend to the surrounding retail and leisure outlets.
Reaching full potential in education and employment	Urbis already has an active and successful outreach programme – ‘Reclaim’, which works with disadvantaged and hard to reach young people, mainly in Manchester’s most deprived communities, as well as a programme of workshops, talks, events and informal learning. The relocation of the NFM to Urbis will aim to build on Urbis’s current success by developing an independent education programme focussed on football and its associated subjects. The relocation of the NFM will also encourage wider access to educational programmes from within improved surroundings.
Individual and collective self esteem – mutual respect	The NFM at Urbis would be a significant new cultural facility in the city centre, offering opportunities for all Manchester residents to participate in and learn about the history of football, both regionally and nationally. The subject matter would attract a wider demographic of people to engage in a wide range of participatory activities. It will also contribute to the Healthy Living and Healthy Child agenda promoting links to sport, exercise and healthy eating.

Neighbourhoods of Choice	<p>The relocation of the NFM to Urbis will create a high quality cultural visitor attraction for residents and visitors to the City, utilising a landmark building whilst giving visitors the opportunity to access the world's finest collection of football artefacts and archives. The relocation of the NFM will also promote the Millennium Quarter as a tourist destination, offering a superb visitor experience for visitors and residents alike.</p>
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Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
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Financial Consequences – Revenue

Previous approval has been given to use a significant proportion of the existing revenue grant of £1.9m per annum currently paid to Millenium Quarter Trust (MQT) Urbis for the NFM at Urbis, the remainder being used for other ongoing activities. All the ongoing costs associated with the NFM will be met from this grant.

An additional exceptional allowance of up to £350k will be needed to cover costs of the transition to being the National Football Museum and in addition £100k will be paid direct to NFM, which is the contribution for storage costs for the collection at Preston, to be matched by NWDA. This will be funded from Corporate Contingency in 2009/10.

Financial Consequences – Capital

Overall capital costs are estimated to be up to £8m. It is recommended that Council increase the capital programme by £8m to be funded from the Capital Fund. If the Council has to meet a high proportion of the capital costs this will impact on the ability to carry out other future projects. The Council is currently seeking a grant contribution which would cover a significant proportion of this cost.

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Background documents (available for public inspection):

Executive Committee Report dated 21 October 2009

1. Introduction

- 1.1 Members will recall that the Chief Executive submitted a report to the Executive in October 2009 informing Members of an approach by the National Football Museum (NFM) to relocate to Urbis and outlined the initial feasibility work undertaken to assess the viability of the proposal. In summary, Manchester has proposed to invest significantly in the future of NFM by a re-interpretation of the football story as an exciting expression of popular culture and integral part of our social history. By positioning it in the landmark Urbis building and using the vision and creative drive of Urbis, we believe we offer both a long-term sustainable future for the NFM and a consolidation of the significant recent successes of Urbis to create a major national and international visitor destination. This proposal will also make best use of Urbis with a product of quality that is commensurate with the signature status of the building and the site's prime location. The NFM will have a positive impact on and is complimentary to proposals for the redevelopment of the surrounding area.
- 1.2 Since the last report a Project Board has been established and significant progress has been made, together with the team from the NFM. This report further informs Members on the progress to date of plans to relocate the NFM to Urbis, including details of programming and phasing, implications for staff, development of the creative product, outline governance arrangements and a preliminary financial overview.

2. Background

- 2.1 In October 2009 approval was given to the utilisation of the current Urbis revenue grant of circa £2m to accommodate the NFM alongside current activity in Urbis, and to a capital contribution to convert the building. The proposal was already supported in principle by the Millennium Quarter Trust (MQT) responsible for operating Urbis on behalf of the Council.
- 2.2 Members will recall that the City Council had initially been approached by the Trustees of the NFM in early summer when it was becoming apparent that there were not sufficient funds to keep the Museum open beyond the end of the year. This was due to the withdrawal of significant annual funding of £300k p.a. from the Football Foundation in March 2009. Whilst £100k p.a. was still available from the Department for Culture Media and Sport (DCMS) and £25k each from Lancashire County Council and Preston City Council, this position seriously undermined their ability to continue to operate as a national museum. NFM were also clear that the original exhibits were beyond their original design life and in need to major capital refurbishment.

3. Progress with the National Football Museum

- 3.1 Following the decision of the City Council to support the move to Urbis in order to strengthen both organisations and offer long term sustainability to the

Football Museum, a local consortium offered a new proposal to the NFM Trustees in early October 2009. The offer was put forward by Lancashire County Council, Preston City Council and the University of Central Lancashire (UCLAN).

- 3.2 It became apparent during this process that the Trustees would need to consider carefully the risks associated with the Council's partnership funding proposals, and in particular, the fact that partnership funding could not be expected to be confirmed for some weeks. It was recognised that this position would not sit comfortably with the need for Trustees to take a decisive and robust decision about its future before the end of the year. On this basis, the Chief Executive, following discussions with the Leader of the Council, and the Executive Members for Finance and Culture, confirmed to the Trustees that the Council would be prepared to underwrite the capital costs for converting URBIS of up to £8m.
- 3.3 Following a specially convened Trustees' meeting on 18th November, NFM Trustees considered both proposals based on an independent evaluation by PKF Financial Consultants. The Trustees decided in principle to enter into a partnership with Manchester City Council subject to receiving assurances on certain potential historical liabilities in relation to original capital funding from NWDA and the Heritage Lottery Fund (HLF). The Chief Executive has subsequently been informed that there remain no impediments to progression of the Manchester proposal. He further understands that it is still the ambition to have a front of house presence at Preston building upon the storage facility which will still be provided as part of the relocation of the Museum to URBIS and this is still the subject of discussion with local partners and the Trustees. The Chief Executive has made it clear to all parties that such a proposal would only receive our support if it is separately funded and it could be shown that it would not undermine the integrity of the collection and, of course, the primacy of the showcase element at Urbis.
- 3.4 The Millennium Quarter Trust, in their capacity as operators of Urbis on behalf of the City Council, formally resolved that Urbis would become the National Football Museum at its Board Meeting on 26th October. This decision was subject to a positive decision to proceed by NFM Trustees which was made on 18th November 2009 as set out above. Although this has caused some delay to the start of the project, officers are confident that the proposal continues to be robust and deliverable within similar timescales.

4. Progress on Work Streams Update

Project Delivery

- 4.1 A Project Board has now been established led by the Deputy Chief Executive, Regeneration and including officers from Strategic Cultural Projects, Corporate Personnel and Finance, the Capital Programme team and the Chairs of both the NFM and MQT. The Board has met three times to drive overall progress on the project, receiving reports from and giving guidance to sub-groups dealing with specific work streams.

- 4.2 A preliminary review of the overall programme indicates that construction for the building modifications and installation of the new exhibits will take place from Spring this year meaning that Urbis will re-open as the National Football Museum in Summer 2011. This timescale is subject to confirmation of partnership funding, which will be known in the coming weeks. This timescale has enabled significant notice to be given to staff at Urbis and the expectation is that Urbis will close to the public on 27th February.
- 4.3 Processes have now begun to appoint a Client Project Manager to support Strategic Cultural Projects, this crucial appointment will work alongside other professional consultants to be appointed using the relevant City Council framework agreements. The project will follow the Manchester Method, consistent with the building being owned by the Council, with the Capital Programme team managing the procurement process.

Human Resource Arrangements

- 4.4 Much of the time over the last couple of months has been devoted to ensuring that staff affected by the changes are fully supported through the process, particularly those at risk of redundancy as a result of the closure at the end of February. Members will recall that one of the essential drivers to the project has been the opportunity to consolidate the compelling creative vision that the Urbis team have demonstrated in recent years within a re-interpretation of the football story. Whilst it is recognised that many of the staff who deal with the public facing aspects of the project will not be needed once the building closes, it is important that we retain as many of the creative team as possible in order to develop the new museum. An interim staffing structure has been designed by the Director of Urbis and is now being consulted on with staff.
- 4.5 MQT currently employs all the staff at Urbis and they have been supported by the Council's Personnel team, led by the Head of Personnel, together with advice from Pannone LLP. The staff were consulted as soon as the final decision by NFM was known in late November and the formal consultation process began at a staff meeting on 8th December. An HR advisory group has been established involving the Trustees of MQT, the Head of HR at Urbis and the Council's Personnel department. The priority has been to support staff potentially affected by redundancy by offering a complete one-stop package of advice and signposting to potential opportunities. Staff are being actively supported and evaluated for vacancies in the City Council and similar arrangements have been made with other partner organisations in the city. Assistance with preparation for interviews, preparing CVs etc, will also be offered via Work Solutions. A senior member of the Personnel team is working closely with the Head of HR at Urbis and will attend consultation meetings with staff, on a weekly basis.
- 4.6 It is expected that 66 posts involving 73 staff could be put at risk at the time of closure. A transition team of approximately 45 will remain in place to design and develop the new Museum, maintain the Outreach and Community Programme unaffected by the closure and staff the Modern Restaurant and

shop. The council is working closely with Urbis to ensure that any redundancies are kept to a minimum and to support staff at risk into suitable vacancies. A new structure for the National Football Museum at Urbis will be developed in the coming months under the guidance of the existing Director of the Museum at Preston.

Creative Development

- 4.7 In the short term a Creative Project Team is meeting regularly to develop the vision and detailed layout of the exhibits, together with the operational team at Urbis who have detailed knowledge of the building. This joint team has already met several times to share some exciting and modern ideas for the re-interpretation of football as popular culture. The group will be responsible for providing the design briefs for exhibition external designers to work on in the spring to develop the new exhibits. The work will be supported by professional museum expertise drawn from the Trustees of both MQT and NFM, in consultation with The Museums, Libraries and Archives Council in the Northwest. The work will be led by the Director of the NFM working with the Creative Team at Urbis. The Director of Urbis will retain responsibility for the smooth transition of the team prior to closure in February at which time he will have taken up his new responsibilities at City Co.

Governance Arrangements

- 4.8 Detailed discussions have also taken place involving MQT's legal advisers, Pannones, and the City Solicitor's team in relation to appropriate governance arrangements for the new Museum. It is intended that both the NFM Trust and the MQ Trust be kept intact in order for them to fulfil their respective responsibilities to their original funders. The City Council's Head Lease with MQT will therefore remain in place and a new grant agreement will be introduced between the City Council and MQT with a sublease granted to NFM, together with the obligation to operate Urbis as the NFM. MQT will still retain overall responsibility for monitoring NFM via its grant funding agreement which will contain specific obligations to operate URBIS as NFM.
- 4.9 The proposal is to offer a ten year grant funding agreement, subject to agreeing acceptable performance measures, with an option to extend. The sublease and grant funding agreement would be coterminous. It is proposed that the City Council will have the right to nominate Directors to the NFM Board, more than one to a maximum of three. All these arrangements are subject to formal confirmation with NFM's legal advisers, but these have been accepted in principle. It is proposed that the Chief Executive and City Solicitor are delegated to agree the final detail in relation to these arrangements.

Revenue Implications

- 4.10 An officer group involving Corporate Finance and Strategic Cultural Projects has been established to work alongside the Head of Finance at Urbis to monitor budgets and assess business and risk planning within the current Business Planning cycle. More recently a short exercise has been undertaken

to provide an overview of a transitional budget prior to development of a business plan for NFM at Urbis. This work has identified the need for an additional grant of up to a maximum of £450k to cover costs of the transition to being the National Football Museum. This will be funded from Corporate Contingency in 2009/10. £350k of this will be paid via MQT for costs incurred by Urbis. This will include any potential redundancy costs, although the council is working with Urbis to keep the number of redundancies to a minimum, and other costs associated with the planned closure of Urbis. £100k is being paid direct to NFM, which is the contribution for storage costs for the collection at Preston, to be matched by NWDA.

- 4.11 Preliminary work on establishing the budget required for 2010/11 indicates that this can be contained within the £2m budget already allocated to MQT for the operation of Urbis. Any impact of Channel M's relocation from Urbis and subsequent loss of rental income will be considered as part of the work going forward and reported to Executive in March. Work will now begin on a new business plan for the operation of the Football Museum at Urbis and including the establishment of a new staffing structure. The work will be underpinned by the assumption that the existing grant allocation will be sufficient.

Capital Programme

- 4.12 The work led by the creative teams of both Museums has determined the optimum layout for the building, in particular locations for permanent and temporary displays and front of house services such as the shop, café and education spaces. The aim is to minimise disruption and limit building modifications and, therefore, time and cost. However, we need to bear in mind that we anticipate that visitor numbers will increase from 260,000 to between 350,000 and 400,000 a year which will have obvious implications for visitor orientation and services. In addition, the Urbis building was not originally designed for a collection and is not environmentally controlled to museum standards and, therefore, specific areas and display cases will need to be designed and serviced to protect the collection. Initial estimates remain at approximately £8m to modify the building and build the new museum facilities, mainly on floors 1 to 4.
- 4.13 The Chief Executive is actively exploring additional funding opportunities for a significant contribution to the capital costs of the refurbishment scheme, and Officers are confident that these will be finalised within the next few months. The intention is to report on detailed proposals at the Executive's March meeting.

Implications for Channel M

- 4.14 Members will be aware that Channel M are currently a tenant at Urbis, utilising office and storage space alongside a recording and broadcast facility. Positive discussions began with Guardian Media Group (GMG) as soon as the approach had been made by NFM and Channel M have recognised the significant opportunity that the re-location affords Urbis. More recent discussions have identified an alternative location for the broadcast studio and

the Council's Corporate Property team are working with the team at Channel M to facilitate an early departure to complement the construction programme at Urbis.

5. Conclusion

- 5.1 Significant progress has been made over the past couple of months to refine the concept for the National Football Museum to relocate to Urbis and finalise discussions with the Trustees of NFM and other funding partners. Members are asked to approve additional revenue associated with the transition and the capital resources that will be required to deliver the project. Detailed recommendations appear at the beginning of the report. A further report will be submitted to the March Executive meeting.

Contributing to the Community Strategy

Performance of the economy of the region and sub region

Relocating the National Football Museum to Urbis will attract new visitors to the City, with the increased expenditure contributing to the sustainable economic growth of the City region. The relocation of the NFM will also promote the Millennium Quarter as a cultural tourist destination, bringing increased visitor spend to the surrounding retail and leisure outlets.

Reaching full potential in education and employment

Urbis already has an active and successful outreach programme – 'Reclaim', which works with disadvantaged and hard to reach young people, mainly in Manchester's most deprived communities, as well as a programme of workshops, talks, events and informal learning. The relocation of the NFM to Urbis will aim to build on Urbis' current success by developing an independent education programme focussed on football and its associated subjects. The relocation of the NFM will also encourage wider access to educational programmes from within improved surroundings.

(c) Individual and collective self esteem – mutual respect

The NFM at Urbis would be a significant new cultural facility in the city centre, offering opportunities for all Manchester residents to participate in and learn about the history of football, both regionally and nationally. The subject matter would attract a wider demographic of people to engage in a wide range of participatory activities. It will also contribute to the Healthy Living and Healthy Child agenda promoting links to sport, exercise and healthy eating.

Neighbourhoods of Choice

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Key Polices and Considerations

Equal Opportunities

The relocation of the National Football Museum to Urbis will provide the people of Manchester with a high quality cultural facility within the city centre, encouraging wider access to collections of international significance an opportunity to participate in sporting activity via the community and education programming. Local people will be able to benefit from the wider economic benefits generated by the development. In addition there is a commitment to ensure that the design standards of the project will comply with the highest standards of accessibility.

Risk Management

Risk management will form a key component of our delivery plan. All capital projects which go through the Gateway System are subject to a risk assessment which includes a rapid risk check, risk workshops and the compilation of risk logs to support project delivery and risk management.

Legal Considerations

City Solicitor's division have been advising on the legal implications of the proposed scheme and will continue to support the project team. Advice has been given and will continue to be sought in connection with compliance with the public procurement rules, governance arrangements and property transactions that would be needed to implement the scheme. As a registered charity, it will also be necessary for the Millennium Quarter Trust to obtain legal advice from its independent advisors.

Detailed recommendations appear at the front of this report
