

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD1658

Title: Additional financial support for the Museum of London

Executive Summary:

The Museum of London (MoL) is requesting a capital amount of for up to £755,000 to cover essential repairs at Museum of London Docklands and at the Museum's store, Mortimer Wheeler House in Hackney covering work in 2015/16 and future work in 2016/17. Work is needed at MoL Docklands to repair external timbers, refurbish passenger lifts, install energy efficient lighting and replace obsolete components in the Building Management System. Roof Works, Heating and lighting improvements are required at Mortimer House.

In April 2015, the GLA approved the provision of £0.2m to fund an architectural competition as part of the New Museum Project, to move the MoL to a new location

The MoL is now also requesting that the GLA jointly fund with the City of London Corporation costs relating to the next steps through to June 2016 for the New Museum at West Smithfield project. The GLA share would be £229,500. Given the number of the parties involved and the competition process in course, the Museum needs to hit its deadlines for the Smithfield's move, which dictates the circulation of this decision in the current Mayoral term.

However, given that the proposal relates to a works at the MOL which will be undertaken after the end of the current mayoral term, officers must also observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration. GLA officers will ensure that the GLA is able to terminate its obligations if that should prove to be necessary.

Capital works will be paid as and when they have taken place and GLA funding for each strand of work will be limited to the amount set out in section 1 for each of the individual strands, with MoL taking on any risk of overspend.

Decision:

That the Mayor approves funding to the Museum of London:


- Of up to £229,500 to fund 50% of the costs related to the next steps of the New Museum project described in this report. City of London Corporation has agreed to fund the other 50% of these costs; and
- of up to £755,000 to fund necessary capital repair and improvement work at the Museum of London Docklands and Mortimer Wheeler House as described in this report.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date: 30.4.2016

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- In recent years, the MoL's visitor figures have doubled and continue to grow. The current site at London Wall is, however, in need of significant repair costing tens of millions and its potential for delivering further significant growth in visitors and self-generated income is limited. The MoL's ambition is to increase its annual visitors to 2m plus at a new location, helping it to achieve its strategic goal of building its self-generated income and decreasing its dependency on public funding.

New Museum Project – Revenue

In April 2015, the GLA approved the provision of £0.2m to fund an architectural competition as part of the New Museum Project at West Smithfield. The Museum is also requesting that the GLA jointly fund with the City of London Corporation (Corporation) costs relating to the next steps through to June 2016 for the New Museum at West Smithfield. The GLA share would be £229,500.

The Corporation is the landlord of both the MoL's current site at London Wall and finalising ownership for the potential new site at West Smithfield. In December 2015, the Corporation purchased back the West Smithfield site lease from TH Real Estate with the intention of exploring the option of using it to house the MoL.

In January 2016 the MoL announced a procurement compliant competition, supported by GLA funding, to appoint an architect in summer 2016 who will then go on to develop the design of the New Museum to concept stage by summer 2017. The winner of the architectural competition will be announced on 28 July 2016.

The next steps are to develop a full business case for the New Museum, produce a fundraising feasibility study, take appropriate legal and tax advice, and commission consultancy on communications, consultation, audience engagement, project management and procurement.

Museum of London Capital Works 2015/16 and 2016/17

- The MoL has three sites: the main site at London Wall, the Museum of London Docklands on the Isle of Dogs and Mortimer Wheeler House, a storage facility in Hackney.
- With the plan to move the MoL from London Wall to West Smithfield within six/seven years, there will be no long term investment at the current site at London Wall, however the Corporation invested £0.8m in 2015 in critical roof and window repairs.
- With the two other sites, Mortimer House and MoL Docklands, there is on-going need to maintain the buildings to avoid critical failures, to safeguard the collection (a statutory obligation) and to manage health and safety risks. The MoL is asking the GLA to support capital works totalling £0.755m for 2015/16 and 2016/17 across the two sites as detailed below.

Rationale

- To the extent that capital items are not funded externally by grants, this expenditure is a direct cost from the MoL's unrestricted income in-year or from unrestricted general reserves brought forward from prior years. It is vital the MoL maintains general reserves at a level which covers material risks that may impact the MoL but that cannot be planned for, such as an unexpected loss of funding, sudden failure of building structure or major plant requiring immediate attention in order to continue operations. Such events did occur at the MoL of London Docklands, where an electrical

panel fire in 2014 closed the MoL and incurred costs of £0.2m. These reserves need to be unrestricted (also known as 'free reserves') in the form of cash.

- The GLA has made capital grants in the past which have been used predominantly to ensure the MoL buildings meet health and safety standards and are fit for purpose. These grants were £1.6m each year from 2008/09 to 2011/12, £1.3m in 2012/13, £1.0m in 2013/14, and £0.7m in 2014/15. No capital grant was agreed for 2015/16 but the MoL was advised that it could make an application for funding. Although the MoL seeks to fund capital expenses from its own reserves where possible, the total loss of, on average, £1.3m per annum has been difficult for the MoL to absorb. As the buildings age there is an ongoing requirement to invest more heavily and therefore the MoL is now making an application for funding to reduce the impact on the MoL's own reserves.
- The MoL's Reserves Policy for 2014/15 was to maintain a level of general reserves (unrestricted funds) that will minimise the impact to MoL services should any material risks materialise and cover a number of months operating costs and/or restructuring costs. For 2014/15 this included £1m to cover unbudgeted items such as building emergency repairs or restructuring costs required due to a loss in income. This amount would cover an unplanned, catastrophic building emergency, such as flooding or other damage. This is therefore very different from planned works on buildings which is a programme of work needed to avoid critical failures, to safeguard the collection and to manage health and safety risks.
- Although the MoL Docklands has a Capital Fund (£4.4m at 31 March 2015), this is a restricted reserve and is therefore not an unrestricted or general reserve. It is also not a cash reserve. This reserve was created from the restricted funding obtained to restore the old warehouse building that is now the MoL Docklands (included in "Heritage Assets" in the financial statements). The balance on this reserve represents the net book value of fixed assets at the MoL Docklands and the reserve is used to fund future depreciation on those assets. Therefore this fund is unavailable for working capital.

Museum of London Docklands

- The MoL Docklands is located at No.1 Warehouse, West India Quay, E14 and is housed in one of only two remaining warehouses erected on the north quay by the West India Dock Company. Now a grade 1 listed building, the museum opened in 2003.

External Timbers (2015/16 – works in progress)

Risks: *Health and safety risk if external timbers are not repaired and pieces fall.*

Many of the original features of the building were retained in the conversion to a museum such as the external timber cladding and the 'loophole' door platforms. The MoL appointed a consultant to survey these features and their report indicates that a number of the boards comprising the cladding and loophole door frames are loose and/or decayed and should be replaced. Additionally they found that ferrous fixings had been used to secure the cladding and many of these had evidence of corrosion and were fixed intermittently (i.e. not at regularly fixed centres).

These works are commissioned and due to be undertaken in Q4 of 2015/16 at a cost of £54k.

Energy Efficient Lighting (2016/17 – works pending)

Risks: *Fittings are brittle and have fallen from the ceiling; failure of lighting resulting in health and safety risks; energy inefficiency.*

The existing lighting system has a simplistic control system which does not optimise energy efficiency (many lights are unnecessarily on for 12 hours each day) and many of the fittings are old and brittle.

The cost of installing new, energy efficient lighting and new local controls, including emergency lighting where necessary, is £50k.

Lift Works (2016/17 – works pending)

Risks: *High level of lift failures with risk of visitor entrapments.*

There are seven lifts at the MLDocklands; six for use by the public and one staff lift. Following a series of significant failures of the main passenger lifts, the Museum commissioned a condition report from Butler & Young Lift Consultants..

To avoid further failures and entrapments the museum is aiming to undertake major refurbishment to the two main passenger lifts in 2016/17. The works will cost £70k to cover both lifts.

Building Management System (2016/17 – works pending)

Risks: Failure of systems controlled by the BMS including environmental control (temperature and relative humidity), lighting and water pumps.

The Building Management System (BMS) at MoL Docklands controls the main plant air handling units to deliver the required environmental conditions for the museum's collection (temperature and relative humidity) and other essential functions.

Following a major failure of the BMS, a programme of works and upgrades was put in place to improve resilience.

The next critical step is to deal with the progressive obsolescence of various components that are no longer maintainable at a cost of £58k.

Museum of London Docklands – summary

Project	Cost £000s	Year
External Timbers	54	15/16
Energy Efficient Lighting	50	16/17
Lift Works	70	16/17
Building Management System	58	16/17
TOTAL	232	

Mortimer Wheeler House

- Mortimer Wheeler House is located on Eagle Wharf Road, Hackney and houses a combination of museum stores, the MoL's Archaeological Archive and the MoL Archaeology (MoLA).

Roof Works (2015/16 completed and 2016/17 works pending)

Risks: Water ingress resulting in damage to building and collections

Mortimer Wheeler House has suffered from water ingress for some time. This year the museum has undertaken essential roof repairs to tackle the worst areas. The scope of works for phase 1 was:

- new continuous aluminium capping over the perimeter parapet walls
- installation of new lead flashings to the parapet walls
- cleaning, repair and pointing of brick parapet walls
- treating the roof which houses mechanical plant with a liquid coating.

The museum plans to complete the essential repairs in 2016/17 and the same scope of works will be applied to the remaining roofs in phase 2:

- rear roof – (a recent leak test was carried out on this roof and 34 leaks were identified)
- roof to the entrance block
- pitched roofs

In conjunction with phase 2 works a system for safe access to the pitched roofs will be installed.

The cost of the completed phase 1 works is £130k. The estimated cost of the pending phase 2 works is also £130k which includes the safe access system.

Energy Efficient Lighting (2015/16 – works pending)

Risks: EU energy saving legislations means replacement fittings can no longer be obtained; health and safety risk if adequate lighting levels cannot be maintained

The existing lighting is of an older, less energy efficient type and is in need of an upgrade as replacement fittings are no longer available. The lighting system has no automated controls, just manual switching, and the luminaires are inefficient. The cost of installing energy efficient lights including rewiring of the south elevation corridors and installing new local controls is estimated to be £28k.

Heating and Cooling to offices on the Second Floor (2016/17 – works pending)

Risks: Failure to maintain a reasonable temperature under Workplace Regulations.

The second floor offices rely on three York Chiller units to provide heating and cooling. The condition of the units varies in that one operates reasonably, one runs intermittently and one has completely failed. As a consequence these offices do not have an acceptable level of service: in summer the temperature has reached 30°C and in winter we have dropped to 16°C on occasions.

With the likelihood of the third unit failing in the near future, the decision to replace all three units in one project is an efficient approach.

The cost of replacing the units and modifying the supply ductwork is £175k.

Boiler Optimisation (2016/17 – works pending)

Risks: Failure to maintain a reasonable temperature for those parts of building served by boilers

The two gas-fired boilers at Mortimer Wheeler House are approximately 20 years old. A review by our consulting engineers in September 2015 identified an immediate requirement to improve reliability of the system as an interim step before full replacement. We will also commission a costed options report to inform next steps and undertake preliminary design work for the selected option.

The interim works and preparatory surveys are estimated to be £30k.

Diesel Sprinkler Pump (2016/17 – works pending)

Risks: Unreliable fire system in the event of a power failure.

The Diesel Sprinkler Pump is an essential part of the fire sprinkler system; the diesel pump is a back-up to the electric pumps which would not operate in the event of a power failure; the diesel pump trips in to maintain the necessary water pressure within the sprinkler system.

The existing pump has reached the end of its economic life and is to be replaced at a cost of £30k.

Mortimer Wheeler House – summary

Project	Cost £000s	Year
Roof Works – phase 1	130	15/16
Roof Works – phase 2	130	16/17
Energy Efficient Lighting	28	16/17
Heating and Cooling – 2 nd floor	175	16/17
Boiler Optimisation	30	16/17
Diesel Sprinkler Pump	30	16/17
TOTAL	523	

2. Equality comments

The GLA is a public authority which must comply with the Public Sector Equality Duty set out in section 149 (1) Equality Act 2010. This provides that, in the exercise of their functions, public authorities must have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The obligation in section 149(1) is placed upon the Mayor, as decision maker. Due regard must be had at the time a particular decision is being considered. The duty is non-delegable and must be exercised with an open mind.

The capital project provides a unique opportunity to improve physical access and create an even more welcoming environment across the MoL estate. This will attract a more diverse audience that even more closely reflects London's communities. MoL will continue to programme tailored events e.g. audio described tours; tours for deaf, deafened and hard of hearing visitors; early years and toddlers groups and other events aimed at families.

The MoL intends to expand its Volunteer Inclusion Programme, working alongside Team London. So far, the programme has helped 370 disadvantaged Londoners develop skills for the workplace.

The MoL will also continue to celebrate London's diverse communities. This year the MoL held a very popular exhibition at MoL Docklands celebrating the photography of Christina Broom and the suffragette movement.

3. Other considerations

Meeting GLA Strategic Agendas

- This year, the MoL has helped GLA deliver a number of its agendas: (i) with the Education Team, the MoL has developed the history teaching resources for the London Curriculum and the questions for the Mayor's London Knowledge quiz. A new version of the London Curriculum for primary schools is also in development; (ii) the MoL has worked with the Mayor's Office for Policing and Crime and the Metropolitan Police to organise an exhibition at the MoL of items from the Met's Crime Museum. This has received extensive press coverage and is on course to be visited by over 100,000 people. Discussions are to take place about the MoL assisting with a permanent home for the collection and extending reach through a touring exhibition; (iii) with support from The London Schools Excellence Fund (part of the Mayor's education programme), the MoL provided training for teachers to support learning about pre-history; (iv) the MoL is organising displays as part of Punk London, a cultural tourism project supported by the Mayor.

City Cultural Quarter / New Museum plan

- The Corporation is leading on ambitious plans to create a new cultural hub in the City of London linking up St Paul's, the MoL, the Barbican, London School of Music & Drama and London Symphony Orchestra. Following an options appraisal, the MoL has identified an ambition to move to the derelict Smithfield General Market and adjacent buildings.
- The Corporation has now finalised a deal to purchase the West Smithfield site as the first stage in the prospective move of the MoL. The Corporation has also committed £0.2m to supporting a

technical study of the Smithfield buildings. The GLA has provided funding of £0.2m for an architectural competition that will take place in 2016. The MoL has invested over £0.3m of its own resources on the project and leveraged a further £0.2m.

- Now this project is live, plans to move the MoL are expected to gather pace during 2016/17. The MoL has identified next steps as described in this report, including the delivery of a full business case. GLA will work with the MoL and Corporation to make sure plans join up with the Mayor's own Cultural and Economic Strategies.

Forward Programme

- The MoL is planning an exhibition to mark the 350th anniversary of the Great Fire of London to open in July 2016.
- A UK tour of skeletons of past Londoners is planned through a partnership with the Wellcome Trust. The display will open in the first venue, the Hunterian Museum in Glasgow, in September 2016 and the tour is likely to run through until the end of 2017.
- The MoL is in discussion with the GLA over a plan to add value to a cultural strategy for the Royal Docks and the Greenwich Peninsula development.
- The focus at the MoL Docklands will be on family programming aimed at residents in Tower Hamlets, where the MoL is located, and the four neighbouring boroughs of Newham, Southwark, Lewisham and Greenwich. Exhibitions under consideration at Docklands include a display of the archaeology uncovered during the Crossrail works. A new gallery 'Warehouse One', part-funded by the DMCS Wolfson fund, will open in March 2016
- The MoL is working with other cultural venues funded by the Corporation to deliver a programme for secondary schools called 'Hard Education'. It will tackle issues such as homophobia and racism using historical perspectives.
- The MoL is launching a fundraising campaign, 'We are London', with a £4m target over three years. The high-level donor group that supports the MoL was relaunched as the Society of Londoners resulting in encouraging growth in donations.

Budgetary Pressures and Assumptions to 2018

- The MoL is assuming that revenue grant income will be flat over future years. With costs rising, the pressure falls on commercial income and other fundraising to fill the gap and maintain a balanced budget.
- Essential capital repair and maintenance costs at the MoL's three sites are estimated at £1m annually to 2017 and beyond. This will mean a serious depletion of the MoL's reserves.
- The MoL is currently assuming that all costs related to the New Museum project are externally funded and not by further drawing on reserves.

- Risk/mitigation table

Risk	Likelihood (1 to 4)	Impact (1-4)	Rating	Mitigation
MoL has to draw on reserves if commercial income falls short of target and/or no capital funding is agreed	3	2	6	MOL's approach is to build up as many revenue/fundraising streams as is feasible and to run the MoL on as commercial basis as possible.

Risk	Likelihood (1 to 4)	Impact (1-4)	Rating	Mitigation
Not delivering the agreed outputs and outcomes expected from the funding	2	2	4	The GLA will attend quarterly Board meetings and will make monthly progress reports to the Investment and Performance Board on progress.
Failing to create new fundraising and commercial opportunities	2	2	4	Director of Enterprise to the MOL has been appointed bringing a new focus and drive to commercial income with the development of new income streams.
The MoL Fails to work in partnership with industry, stakeholders and the Corporation in delivering key capital requirements	2	2	4	Implementation of Development Strategy will focus the launch of a major new capital campaign, shaping the team and mechanisms needed to deliver this.

4. Financial comments

Provision has been made within the GLA budget for 2016/17 to fund this expenditure. The revenue costs of up to £229,500 will be met from the Corporate Contingency budget, whilst the capital expenditure of up to £755,000 can be funded from the existing GLA Capital Programme.

5. Legal comments

Under section 30 Greater London Authority Act 1999 (GLAA) the Mayor, acting on behalf of the Authority, has the power to do anything which is considered to further any one or more of the principal purposes. These purposes include the promotion of economic and social development in Greater London. The section 30 powers are supplemented by the incidental power in section 34 GLAA to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any functions of the Authority exercisable by the Mayor.

The Mayor also has powers under section 377 GLAA to provide financial assistance for the purposes of any museum in Greater London and under section 378 GLAA powers to promote tourism in Greater London.

Under the Museum of London Act 1965, the GLA may make payments to the MoL in respect of such part of the expenditure incurred or to be incurred on an equal financial split with the Corporation unless otherwise determined.

As set out in this decision form, it is considered that the additional financial support is required to support the ongoing and future development of the MoL. It is therefore considered that the proposal to provide funding in connection with the project falls within the GLA's legal powers.

This decision form indicates that the proposed financial contribution of £984,500 will amount to the provision of funding and not a payment for services rendered. On the basis that this payment is to be funding, as opposed to the procurement of services, the Contracts and Funding Code requires the GLA to ensure that the funding is distributed fairly, transparently and in accordance with the GLA's equalities obligations. The Code also requires the GLA to demonstrate value for money in the allocation of this funding.

Given that the proposal relates to a works at the MoL which will be undertaken after the end of the current mayoral term, officers must also observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration. GLA officers will ensure that the GLA is able to terminate its obligations if that should prove to be necessary.

Capital works will be paid as and when they have taken place and GLA funding for each strand of work will be limited to the amount set out in section 1 for each of the individual strands, with MoL taking on any risk of overspend.

6. Investment & Performance Board

The Deputy Mayor for Environment and Energy requested the MoL should work with officers in the Housing and Land Directorate at the GLA to benefit from the expertise and funding opportunities available to improve energy efficiency at the MoL Docklands building.

The Board considered the report further and agreed that the funding request for capital should be agreed subject to requirements that the MoL work closely with finance and property officers at the GLA for a thorough and satisfactory review of the proposals and costs; with officers at the GLA in the Housing and Land Directorate and RE:FIT programme to secure the best energy deal for the MoL Docklands building, and with GLA planning officers to consider existing planning restrictions and future options for Mortimer Wheeler House.

Since the Investment & Performance Board meeting, GLA officers from Land, Estates and Property have met with the MoL. In order to ensure effective use of the limited funds available, MoL are developing planned maintenance regimes for both Mortimer Wheeler House and MoL Docklands and the GLA fully endorse this approach. This will identify any areas requiring future investment and will assist in making sure that expenditure on the properties is focused on the right areas.

In relation to the specific areas of expenditure covered by this MD, staff from MoL and the GLA have agreed to explore the benefits of the GLA's RE:FIT programme to enable the improvement works to be as energy efficient as feasible. This includes engaging with the free expert assistance from the RE:FIT Programme Delivery Unit and investigating if the RE:FIT supplier framework could bring additional value to MoL. In addition, prior to committing further expenditure on the existing BMS system, MoL will review whether it is more appropriate to invest in a new system at this stage.

8. Planned delivery approach and next steps

	Milestones, deliverables and promotional activity	GLA Lead	Planned Date
1	Winner of architectural competition announced	Culture	28 July 2016
2	Business Case for New Museum completed	Culture	July 2016
3	Works on MoL Docklands and Mortimer House	Culture	2016-17

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Adam Cooper has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Amanda Coyle has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Jeff Jacobs has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Munira Mirza has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance team has commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Allen

Date

29.4.16

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Edmund Lee

Date

29.04.2016