

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Councillor Richard Samuel, Cabinet Member: Economic Development and Resources	
MEETING/ DECISION DATE:	On or after 14th May 2022	EXECUTIVE FORWARD PLAN REFERENCE: E 3359
TITLE:	Corporate Acquisition	
WARD:	N/A	
AN OPEN PUBLIC ITEM CONTAINING EXEMPT APPENDICES		
List of attachments to this report: Appendix One – Business Case (Exempt by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972) Appendix Two – Valuation Report (Exempt by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972) Appendix Three – NOMA Designs for Conversion (Exempt by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972) Appendix Four – MDA Budget Cost Estimates (Exempt by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972)		

1 THE ISSUE

- 1.1. This report sets out the terms for the proposed acquisition of an investment property for the Bath Fashion Museum. Grant funding has been secured from the West of England Combined Authority (WECA).
- 1.2. This report requests the authority to accept the funding from WECA in line with the Full Business Case approved at West of England Joint Committee on 8th April 2022. This report summarises the proposed project's scope, provides economic and social impact analysis and summarises the community engagement that has informed the project scope. The report summarises key items of proposed spend, funding approval mechanisms, the key deliverables and outputs anticipated.

2 RECOMMENDATION

The Cabinet Member is asked to:-

- 2.1. Approve the acquisition of a property within the Milsom Quarter, Bath, to secure a new location for the Bath Fashion Museum. The property acquisition costs to be financed from WECA grant.

- 2.2. Delegate approval to the Director of Sustainable Communities, in consultation with the S151 officer to accept RIF (Revolving Infrastructure Fund) grant from WECA for the acquisition of this property. These funds will be spent in line with the Full Business Case submitted to WECA.

3 THE REPORT (INCLUDING RATIONALE FOR PROPOSED RECOMMENDATIONS)

- 3.1. The Council has been given notice by the National Trust to vacate the Assembly Rooms which currently contains the Fashion Museum by March 2023. An options exercise identified the subject property as the optimal location for the museum in the future.
- 3.2. The Council has been given an opportunity to purchase the property which is a leasehold acquisition. The Council already owns the freehold. Location and site plans are included in the Valuation Report in the Appendices.
- 3.3. A purchase price and heads of terms have been agreed in principle. The property has not been brought to the open market. Discussions have been on-going with the vendor's agent due to the Council being considered to have 'special' purchaser interest, as the freeholder. A key provision within the heads of terms is that the Council confirms there is formal approval to the acquisition and that we complete the transaction within four weeks, meaning we need to seek a decision immediately. This decision is taken pursuant to Rule 15 Access to Information procedure rules and is not subject to call in.
- 3.4. Due diligence is underway and is on-going. External acquisition agents have been engaged to assist with the purchase and an independent valuation has been carried out to support the business case (Appendix Two). This confirms that the purchase price represents market value.
- 3.5. The property comprises a mixed use of retail and residential accommodation which extends to approximately 22,184 sq ft (2,060.8 sq m) and lies within the Milsom Street Quarter boundary. The investment is currently divided into 8 retail and 10 residential lettable units, 70% of the retail space being vacant. The Council will acquire the investment with ten occupational leases in place. The leases vary in length and covenant strength. The initial rent is £229K per annum.
- 3.6. The vacant units within the property will be treated as void property and managed in accordance with the building insurance requirements. Monthly void inspections and routine maintenance will be undertaken to maintain the property to an appropriate condition (wind and watertight) as a listed building. Holding costs have been identified to cover the upkeep of the property until construction commences to refurbish and convert the property. These costs will be mitigated through ringfenced income from temporary lets and meanwhile uses, so that the property assists the implementation of the Milsom Quarter plan by supporting the vitality of the Milsom Quarter and visitor economy.
- 3.7. Without this intervention the museum will close, with the following impacts:
 - Loss of relevant, engaging and accessible use of the collection that can only be delivered in a modern museum setting, marking a missed opportunity for

Bath, the region and the country for access to the historical collection by visitors, the community, researchers and students.

- Bath Spa University's fashion courses, which rely on the collection as a value learning resource, will be less attractive to students.
- Reduced retention in the local area of skilled workers from the Bath Spa University courses. A lost opportunity to support the incubation and creation of fashion and creative small and medium enterprises' loss of jobs, both directly and indirectly supported through the museum and indirect jobs in the wider visitor economy.

3.8. In addition, the relocation of the Fashion Museum to the property is a key part of the strategy for regenerating the Milsom Quarter. The acquisition will provide the catalyst for significant regeneration projects with multiple direct and indirect social benefits in a key area of the city centre impacted significantly by the Covid pandemic. Intervention is required to deliver the Milsom Quarter Masterplan due to:

- The declining performance of the Milsom Quarter.
- The importance of increasing the range of activities in Milsom Quarter including a cultural anchor in the form of the Fashion Museum compensates for the loss of retail and to support other commercial uses to generate an increase in footfall and spend.
- The uncertainty regarding the future of the property should the leaseholder dispose of their interest to a party other than the Council.

3.9. The investment is needed to support the visitor economy. The recent WECA Cultural Strategy stated that the visitor economy of the region has been decimated by the pandemic and this has been felt particularly hard in Bath. The future success and vitality of Bath is explicitly linked to a strong, innovative and vibrant attraction sector. This in turn helps power the economy of the city and the wider region. In this context, a major new, internationally significant museum project, would justify regional investment. The Council is heavily reliant on tourism and leisure and this intervention is needed to support this sector in its recovery post-pandemic. The property will be within flat easy walking distance of the Roman Baths and the Victoria Art Gallery which will also encourage visitors to attend each of the Council's main heritage assets.

3.10. The collection is one of the world's great museum collections. It is designated by Government as being of National Significance. It has over 100,000 items within it (making it larger than those collections held by the V&A and The Met in New York) which include garments from the 1600s right up to the present day. The collections also include thousands of archive documents and photographs from designers, magazines and individuals. Pre-Covid the Museum generated over 100,000 visits per year. In 2021 items from the collection were seen by 603,000 people worldwide whilst on loan to other institutions.

3.11 An intrinsic part of the Fashion Museum project is the creation of a Collection Study Centre to house the bulk of the collection. It is proposed that this bespoke new-build facility is located at a council owned site in Locksbrook. This will adjoin a significant

new development by Bath Spa University for all of their creative courses. The Collection Study Centre will be an essential underpinning of the overall development – providing inspiration and practical understanding to a wide variety of creative courses including the world-renowned Fashion and Textile. Whilst benefiting the university the new facility will be open to all and will provide much improved environment and capacity for academics, designers, filmmakers and individuals who are interested in viewing, studying and understanding the collection. It is also a fundamental part of the project that the Collection Study Centre is porous and of benefit to the people of Bath & North East Somerset. It is planned that the wider development comprising the Study Centre and University facility will form a vibrant creative precinct offering cultural, economic and skills opportunities to these audiences.

4. STATUTORY CONSIDERATIONS

4.1. The project supports the Council's Corporate Vision of Improving People's Lives. The two core policies being:

- Tackling the climate and ecological emergency; the new Fashion Museum will be specified to align with the Council's target to be net carbon neutral by 2030.
- Giving people a bigger say; the new museum will take a radical new approach to its displays and exhibitions with co-creation at its heart. It will be accessible to all with an explicit remit to target communities who may not traditionally engage with museums and heritage. More importantly it will make the historical fashion collections relevant to modern day audiences. Using the remarkable collection of clothing that spans over 500 years the new Museum will help visitors understand and take action on issues such as sustainability, responsible purchasing, the legacy of colonialism and globalisation.

4.2. The government ended access to the Public Works Loan Board for local authorities wishing to buy commercial assets primarily for yield. This does not impede local authorities' ability to pursue service delivery, housing, and regeneration under a prudential regime. The government supports local authorities use of commercial structures to advance core objectives of service delivery, housing and regeneration. The acquisition meets the regeneration criteria on the following grounds:-

- the project is addressing an economic or social market failure by providing services, facilities, or other amenities that are of value to local people and would not otherwise be provided by the private sector.
- the project prevents a negative outcome, including through buying and conserving assets of community value that would otherwise fall into disrepair.
- the local authority is making a significant investment in the asset beyond the purchase price: developing the assets to improve them and/or change their use, or otherwise making a significant financial investment.

- the project involves or generates significant additional activity that would not otherwise happen without the local authority's intervention, creating jobs and/or social or economic value.
- While some parts of the project may generate rental income, these rents are recycled within the project or applied to related projects with similar objectives, rather than being applied to wider services.

5. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1. The Full Business Case submitted to WECA for the repayable RIF grant includes an estimated budget for professional fees as the due diligence is on-going. The property acquisition costs will be funded from WECA grant.
- 5.2. The WECA RIF grant will be repaid by the Council within 5 years of acquiring the property. A decision to approve a RIF repayment plan is to be confirmed a year before it is due. This will be from capital receipts and/or borrowing based on Fashion Museum increased income after refurbishment.
- 5.3. The Council has undertaken due diligence on the acquisition value to ensure that value for money has been satisfied when considering purchasing the remaining lease term to bring this asset back into Council ownership. This has been assessed against the transaction value from the original lease transfer, the capital invested in the property over the period held and today's value.
- 5.4. The property will be managed by the Council's property team. The residential element will be managed by the Council's own property company.

6. RISK MANAGEMENT

- 6.1. A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

7. EQUALITIES

- 7.1. The Council commits to working within the Equality Act 2010 to ensure that no-one is treated inequitably or in an unlawful or unjustifiably discriminatory manner. This report has undergone a public sector equalities impact assessment. No negative impacts were identified.
- 7.2. The Council recognises that people from specific key groups may experience discrimination and less favourable treatment on the grounds of the nine protected characteristics, or for other reasons (e.g. financial/economic status, unrelated criminal convictions, gender identity, homelessness/lack of fixed address, political view or trade union activity). In relation to the delivery of the relocation of the museum to the property, key considerations will include:
 - Physical access
 - Intellectual access
 - Pregnancy/maternity

- Age appropriate
- Disability
- Socio-economic disadvantage

8. CLIMATE CHANGE

- 8.1. The property is in the centre of Bath with excellent cycling and walking routes for residents and tourists. Bath is also served by good national and local transport links making access without a car possible. This easy access will support the Council's Climate Emergency policies.
- 8.2. This is an opportunity to create a net zero property that contributes to the Council's public commitment to this goal by 2030. We will incorporate low carbon/renewable energy refurbishment and elements will be designed to use natural or recycled materials.
- 8.3. The project is supporting local businesses as far as possible.

9. OTHER OPTIONS CONSIDERED

- 9.1. The closure, or otherwise, of the Fashion Museum in its current location is not in the Council's control. Failure to secure a suitable property of appropriate size in a well-located site would be detrimental.
- 9.2. A "do nothing" option in relation to the museum relocation was assessed, but it would result in the closure of the museum with the following impacts:
- loss of a world class collection to the community and visitors.
 - detrimental impact on Bath Spa University's fashion courses.
 - loss of jobs directly and indirectly supported through the museum and indirect jobs in the wider visitor economy.
 - less successful outcome for the Milsom Quarter Masterplan.

10. CONSULTATION

- 10.1. The decision is being taken under the General exception R15 Access to Information procedure rules of the Council's constitution (Rule 15). The Chief Executive, Monitoring Officer (Head of Legal and Democratic Services), Section 151 Officer (Chief Financial Officer) and the Director of Sustainable Community have been consulted. The Chair of the Corporate Policy Development and Scrutiny Panel has been informed.

Contact person(s)	Carolyn Smallwood/Maria Newton
Background papers	https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/03/Fashion-Museum-Full-Business-Case-Redacted.pdf

<https://westofengland-ca.moderngov.co.uk/documents/g494/Decisions%2008th-Apr-2022%2015.00%20West%20of%20England%20Joint%20Committee.pdf?T=2>

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