

Mayor and Cabinet			
Report Title	Horniman Museum and Gardens – loan facility to support their Collections People Stories Capital Heritage Lottery Fund bid.		
Key Decision	Yes	Item No.	
Ward	All Wards		
Contributors	Executive Director for Resources & Regeneration		
Class	Part 1	Date:	11 November 2015

1. EXECUTIVE SUMMARY

- 1.1 The Horniman Museum and Gardens is the only museum in the London Borough of Lewisham and provides a unique education and community resource for the residents of the Borough as well as being a source of direct and indirect employment opportunities.
- 1.2 Subject to receipt of Heritage Lottery Fund, the Horniman Museum and Gardens, Forest Hill, is proposing a major three-year development of its gallery spaces, which will facilitate the display of its world-renowned Anthropology collection.
- 1.3 The Museum is seeking financial assistance from the Council in the form of a loan facility up to £670k to underwrite the balance of funding required to undertake this project. This will enable the Horniman to complete their fund raising activities in line with Heritage Lottery Fund conditions.

2. PURPOSE OF THE REPORT

- 2.1 To seek agreement from Mayor and Cabinet to provide a 10 year loan facility to the Horniman Museum.

3. RECOMMENDATIONS

- 3.1 The Mayor is asked to:
 - 3.1.1 Approve a £670,000 interest bearing loan facility to Horniman Museum and Gardens for the development of its gallery spaces to be paid back over a period of no more than 15 years, subject to Heritage Lottery funding of £3.3m being granted and other pledged funding of at least £730,000 being received.
 - 3.1.2 Delegate authority to the Executive Director for Resources and Regeneration responsibility to finalise the terms of the loan agreement with the Horniman Museum and Gardens.

4. BACKGROUND

- 4.1 The Horniman is an award-winning, family-friendly Museum and Gardens in Lewisham's Forest Hill, open since Victorian times, when tea trader and philanthropist, Frederick Horniman first opened his house and extraordinary collection of objects to visitors.
- 4.2 Since then, its collection has grown significantly and includes internationally important designated collections of anthropology and musical instruments, as well as an acclaimed aquarium, natural history collection and 16.5 acres of beautiful gardens. These high quality collections and gardens allow the Museum to draw together, in innovative ways, issues and stories relating to peoples, cultures and environments at a local, national and international level.
- 4.3 The Horniman Museum and Gardens is a registered charity and company limited by guarantee. It is sponsored as a non-departmental body and receives core funding from the Department for Culture, Media and Sport (DCMS). Since 2012 it has also been a Major partner museum with funding from Arts Council England (ACE).
- 4.4 The Horniman actively seeks to attract users of all ages, backgrounds and abilities. It has an exceptional record of educational achievement and encourages participation from as wide a range of people as possible. It has successfully delivered a series of major capital developments over recent years that have significantly enhanced its estate and local environment and showcased more of its collections. These projects have driven a 244% increase in visitor numbers since 2002/03. It currently attracts 860,000 visits per year, 43% of which are from Lewisham residents.
- 4.5 As a unique resource within the London Borough of Lewisham the Horniman provides valuable education and community benefits for the residents of the Borough, as well as being a source of direct and indirect employment locally through tourism, transport, services and other opportunities.

Project Summary

- 4.6 In a major three-year development of its gallery spaces, the Horniman's world-renowned Anthropology collection will be redisplayed.
- 4.7 The new spaces will allow visitors to see their own place among the variety and beauty of the world's many cultures, providing opportunity to reflect upon their own lives. The central gallery space will be transformed, re-introducing daylight and recapturing the spirit of the original building. The gallery will house thousands of objects, many not seen by the public for many years.
- 4.8 These transformed displays of the existing collection will be complemented by a vibrant new Studio space. Artists, scientists and creative thinkers will work with visitors and communities, responding to both the collection and global issues.
- 4.9 Some of the anticipated outcomes of this project are:

- Creating a world-class anthropology gallery in the London Borough of Lewisham;
- Establishing an Arts & Cultural hub in Lewisham;
- Contributing to the education, health and wellbeing of Lewisham residents;
- Preservation of one of Lewisham's most popular cultural landmarks;
- Developing one of the UK's leading visitor attractions, accessible to all; and
- Reflecting and serving a diverse Lewisham community.

4.10 A full project summary has been provided in Appendix 1.

Financing and Fundraising

4.11 The total cost of the redevelopment is £4.7m. The Horniman has a Heritage Lottery Funding (HLF) stage 1 pass for £3.3m and will submit for stage 2 in December 2015.

4.12 The Museum also has the following funds already pledged/received totalling £730k:

- Garfield Weston Foundation £100k;
- Horniman development fund reserves £600k; and
- Friends of the Horniman £30k.

4.13 This leaves a balance of at least £670k of funding to be raised. It is also targeting the following fundraising possibilities:

Major trusts and foundations' target of £1m

4.14 A Stage 2 application submitted to the Wolfson Foundation (decision December 2015) and applications to the Eranda Foundation, Sackler Foundation and Charles Hayward Foundation (decisions in November 2015). Also currently preparing the following applications for submission: Pilgrim Trust, Fidelity UK Foundation, Esmee Fairbairn, Paul Hamlyn Foundation and Foyle Foundation.

Smaller trusts' target of £100k

4.15 The Museum has submitted 26 applications to small and medium size trusts with a further 24 being finalised for submission by end September 2015.

Individuals and corporate target of £170k

4.16 Their public campaign with a target of £50k will be launched post HLF stage 2 alongside a major giving target of £80k and a corporate target of £40k.

4.17 If accomplished Lewisham funds may not be required, hence the application seeking for an interest bearing loan facility rather than an immediate loan.

5. PROPOSAL

5.1 Lewisham will offer an unsecured term loan facility to Horniman Museum not exceeding £670,000. The facility shall only be used for the development of the gallery spaces in line with the Collections People Stories capital project. This is not a grant and the loan facility will be interest bearing.

- 5.2 Once drawn, the loan will be repayable over a period of not more than fifteen years. Payments will be made bi-annually for all interest accrued on the balance drawn. The full principal borrowed must be repaid no later than fifteen years from the start of this facility. No early redemption penalty will apply.
- 5.3 Interest will accrue on any part of the loan as soon as it is drawn until it is paid off. Subject to agreement from the Heritage Lottery Fund for the project to proceed and finalisation of the detailed facility agreement (see draft Department for Culture, Media and Sport agreement at Appendix 2) the interest shall be charged at a fixed rate. At the current time, with reference to the Public Works Loan Board interest only rates for borrowing over fifteen years and the cost to the Council of administering this loan, the rate will be in the region of 4% per annum.

State Aid

- 5.4 State aid implications have been considered and are not deemed to apply to this proposal. This is covered in the Legal Implications section of this report.

6. FINANCIAL IMPLICATIONS

- 6.1 The Council would use its cash balances to provide this loan initially and, depending on the scale of the facility drawn, factor it into its wider borrowing needs as necessary over the period of the loan.
- 6.2 The risk to the Council is that the agreed rate of interest for the loan (expected to be agreed at around 4%) may be less than could be achieved by investing the money. However, this is not the case now and, in the current low interest rate environment, is unlikely to be. In compensation were this risk to materialise, the communities of Lewisham will continue to benefit from the positive indirect contributions this project will contribute to the area.
- 6.3 There are no other additional financial implications to those contained in the main report.

7. LEGAL IMPLICATIONS

- 7.1 State Aid law is the means by which the European Union regulates State funded measures to ensure they do not adversely affect trade between the Member States and thereby undermine the functioning of the European common market. It covers, amongst other things, loans not at commercial rates or other financial assistance.
- 7.2 Where the European Commission finds unlawful State Aid they may order the immediate termination of the project and the clawback of the full value of the aid (with compound interest backdated to the point of the award).
- 7.3 The proposed loan facility is upon commercial terms so the State Aid rules will not apply, there being no distortion of competition. There is, moreover, an exception from the State Aid rules in relation to financial assistance to

museums and other cultural heritage infrastructure where the facility is open to the public, the beneficiary is providing services to the public and the financial assistance is necessary to cover the infrastructure maintenance cost. This exception would in any event very likely to apply to the Horniman Museum.

8. CRIME AND DISORDER IMPLICATIONS

8.1 There are no crime and disorder implications arising from this report.

9. ENVIRONMENTAL IMPLICATIONS

9.1 There are no environmental implications arising directly from this report.

10. EQUALITIES IMPLICATIONS

10.1 The Equality Act 2010 became law in October 2010. The Act aims to streamline all previous anti-discrimination laws within a Single Act. The new public sector Equality Duty, which is part of the Equality Act 2010, came into effect on the 5 April 2011.

10.2 The Council's Comprehensive Equality Scheme for 2012-16 provides an overarching framework and focus for the Council's work on equalities and helps ensure compliance with the Equality Act 2010. No direct equalities implications have been identified, in terms of adverse impact, with respect to the Council's obligations under the Equality Act 2010.

11. CONCLUSION

11.1 This report presents a proposal to the Mayor which will allow the unique Horniman Museum to complete its application for Heritage Lottery Funding and, if successful, develop the museum further, adding to its rising popularity, and extending its contribution to the communities of Lewisham and London.

Appendices

1. Horniman Museums capital project summary
2. Example DCMS loan facility agreement

For further information on this report, please contact:

David Austin, Head of Corporate Resources on 020 8314 9114

APPENDIX 1 – SUMMARY OF PROJECT

Horniman Museum and Gardens Collections People Stories capital project 2015-18 Summary for the London Borough of Lewisham

1. Organisation profile

The Horniman is an award-winning, family-friendly Museum and Gardens in Lewisham's Forest Hill. We have been open since Victorian times, when tea trader and philanthropist, Frederick Horniman first opened his house and extraordinary collection of objects to visitors. Since then, our collection has grown significantly and includes internationally important Designated collections of anthropology and musical instruments, as well as an acclaimed aquarium, natural history collection and 16.5 acres of beautiful gardens. These high quality collections and gardens allow us to draw together, in innovative ways, issues and stories relating to peoples, cultures and environments at a local, national and international level.

The Horniman actively seeks to attract users of all ages, backgrounds and abilities. It has an exceptional record of educational achievement and encourages participation from as wide a range of people as possible. We have successfully delivered a series of major capital developments over recent years that have significantly enhanced our estate and local environment and showcased more of our collections. Complemented by a dramatic expansion in creative yet accessible public programming, these projects have driven a 244% increase in visitor numbers since 2002/03. We currently attract 860,000 visits per year, 43% of which are from Lewisham residents, and circa 800,000 visits to our website. We have a loyal and high repeat audience and visitor satisfaction is high at 99%.

Underpinning all our work are our three strategic aims of Access, Collections and Shaping the Future, which we use to help inform the development of any capital projects that we are developing. Our strategic aims are as follows:

Access: We will use the collections and Gardens to stimulate curiosity and wonder, promoting opportunities for people of all ages, abilities and backgrounds to participate in and enjoy exhibitions, educational programmes, activities and events – both face-to-face and online.

Collections: We will safeguard and develop the collections so that they can be made as accessible as possible now and into the future.

Shaping the Future: We will effectively manage our resources and become more financially resilient so that we can continue to develop and share our collections, estate and expertise for the widest possible public benefit.

The Horniman Museum and Gardens is a registered charity and company limited by guarantee. It is sponsored as a non-departmental body and receives core funding from the Department for Culture, Media and Sport (DCMS). Since 2012 it has also been a Major partner museum with funding from Arts Council England (ACE).

2. Project summary

In a major three-year development of its gallery spaces, the Horniman's world-renowned Anthropology collection will be redisplayed.

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Celebrating the wonder and complexity of what it means to be human, visitors will encounter different ways of seeing the world through the display of exciting and inspiring objects from across the continents. The new spaces will allow visitors to see their own place among the variety and beauty of the world's many cultures, providing opportunity to reflect upon their own lives.

The central gallery space will be transformed, re-introducing daylight and recapturing the spirit of the original building. The gallery will house thousands of objects, many not seen by the public for many years.

The project will also tell the story of Frederick Horniman's inspirational founding vision, his early collections and his gift of the Museum and Gardens to the nation.

These transformed displays of our existing collection will be complemented by a vibrant new Studio space. Artists, scientists and creative thinkers will work with visitors and communities, responding to both the collection and global issues.

The novelty, ambition and scope of the project will attract visitors from a great diversity of backgrounds and offer exciting opportunities for everyone to learn and share new ideas. Its successful delivery is fundamental to our core purpose and mission 'to use our worldwide collections and the Gardens to encourage a wider appreciation of the world, its peoples and their cultures, and its environments'.

3. Project outcomes

3.1 Anthropology redisplay

Creating a world-class anthropology gallery in the London Borough of Lewisham

The Horniman's internationally important and Designated collection comprises over 80,000 items from all over the world and includes objects of major national and international importance. In terms of significance, it sits alongside those of the British Museum, Pitt Rivers and Cambridge Museum of Archaeology and Anthropology. Since the current Museum opened in 1901, the Anthropology collection has been built through a combination of donation, purchase, field collecting, bequest, transfer and loan.

In 2012 the Horniman was successful in securing funding from Arts Council England (ACE) to undertake a three-year review of our Designated Anthropology collection. This project highlighted the limitations of our current public display of only 1,266 objects. The review evaluated the strengths of the collection which comprises materials from all across the globe. Asia represents 37% of the collection, Europe 30%, Africa 18%, Americas 9% and Oceania 6% - and all include specimens of major international significance. These collections tell the stories of the people who made, used and collected objects, giving visitors the opportunity to explore their own and other cultures and to develop an appreciation of the similarities and differences between them.

The gallery redevelopment will transform the way in which this collection is displayed, enabling more than 3,000 objects from all over the world to be seen, many for the first time and will build upon the significant investment already made by both the Horniman and ACE during the review stage. 300 of these objects will allow us to tell the story of Frederick Horniman's original gift and inspirational founding vision to provide '*recreation, education and enjoyment*' for the community and are related to the history of the Horniman family and their collections.

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The new gallery features the following interlinked zones:

- *The Extraordinary Everyday* will provide gallery orientation and set out the aims, design, rationale and linking themes in the space.
- *World Encounters* will showcase selected material from Africa, Europe, America, Asia and Oceania. There will be 3-5 case studies from each continent, designed to encourage an interest in and an understanding of world cultures. Some of these will contain contemporary stories relating to present day issues as told by source communities in their own words.
- *Perspectives* will provide a dense floor to ceiling display using the diversity of the collection to reveal different understandings of the world. Arranged by type of object, this space will explore the different perspectives on the world through classification and taxonomy –showing the breadth of the stored, research collections, what they are, why they are so important and how we come to have them in our care.
- *The Horniman History* display will also give visitors a window into the Victorian world of the Horniman family and into the perspectives of Frederick Horniman himself. The display will be object rich and show material which came to the Museum from the Horniman family. It will explore Quaker Frederick Horniman's interest in social justice and improving public education and health for the people of Britain.

The care and preservation of this Designated collection will be enhanced through substantial environmental improvements and high-quality flexible display casing combining the highest quality and standards in collections care, rotation and presentation.

3.2 The Studio

Establishing an Arts & Cultural hub in Lewisham, south London

We are converting the existing Centenary gallery into the Studio – a flexible space, expanding and enriching the visitor experience through a programme of high-quality and challenging, yet accessible interventions, engaging people's fascination with objects, ideas and creativity. The Studio will enrich and extend the gallery experience for visitors, presenting regularly changing, cutting-edge work and displays drawn from our stored collections, fieldwork research and artistic collaborations, offering new ways of using and understanding the Horniman's international collections.

Over recent years the Horniman has begun to establish itself as an arts and cultural hub for Lewisham and south London and have been assigned a leadership role in this regard by Arts Council England. The Studio will allow us to further cement this position attracting intriguing and often well-known artists both London-based and international to engage with our collections and public, and showcase cutting-edge artistic responses – firmly putting Forest Hill on the artistic and cultural map.

3.3 Learning and Engagement

Contributing to the education, health and wellbeing of Lewisham residents

We know that the successful redevelopment and maintenance of our heritage through Heritage Lottery Funded projects are immensely valued by our communities and contribute significantly to health and wellbeing. 37% of south east London residents perceive a large impact on their quality of life (scoring eight or more out of ten), as a result of our area's heritage (compared to average of 29% nationwide) - *Heritage Lottery Fund / 20 years in 12 places, March 2015.*

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Through this project we will also continue to make valuable contributions to health, welfare and inclusion, reaching out to vulnerable and marginalised communities in hospitals, prisons and through work with older people through our well-respected community engagement programme. Our collaborative work with Lewisham-based partners will seek to enhance mutual understanding, and provide multiple access routes into the project themes, encouraging respect for and tolerance of diversity. Our Youth Panel are also involved, encouraging self-expression and creativity in young people and allowing them to develop skills that improve social mobility.

We are also embedding strong education programmes for all stages of the education system in this project, from primary school to life-long personal development.

The programmes will include an Object Based Learning Programme facilitated by our ENGAGE (visitor-facing) volunteers, an ESOL family learning offer, a Schools programming and curriculum offer and a programme that creates new academic partnerships with postgraduate students, offering research opportunities and work experience in curatorial practice and engagement skills and techniques.

3.4 Conservation of architectural heritage

Preservation of Lewisham's most popular cultural landmark

Our Grade 2* listed museum, given to the people in 1901 by Frederick John Horniman, was designed in 1896 in the Arts and Crafts style by Charles Harrison Townsend. The resulting museum is a much loved landmark and was chosen by the people of Lewisham as their iconic building for the 2012 Olympics' celebrations. South London does not have as many cultural facilities and architecturally-celebrated buildings as north London, which makes the Horniman Museum building all the more important.

Unfortunately the general infrastructure of the two Anthropology galleries is now starting to fail and affect our visitors' experience and enjoyment of the collections. The project will therefore deliver architectural and infrastructure improvements to our 1901 and 1912 buildings. Damp walls and poor decorative conditions will be attended to. Mechanical and electrical services will be replaced in order to make environmental controls and gallery lighting more effective and energy efficient than is currently the case. The work will also enable daylight to be re-introduced to the South Hall, after it was blocked in the 1980s. This will greatly enhance the visitor experience and recapture the spirit of the original design. The capital works will ensure that the existing architectural features and the height of the 1901 gallery are exploited through the display of larger, suspended objects.

3.4 Better visitor experience

Developing one of the UK's leading visitor attractions, accessible to all

Overall, the Horniman has high visitor satisfaction levels of 99% and a strong commitment to a quality visitor experience. Earlier in 2015, we were invited to become members of the Association of Leading Visitor Attractions (ALVA) in recognition of the rising reputation of our Museum and Gardens. Unfortunately, the popularity of our Anthropology displays however has been in steady decline over the last decade. Our consultation has revealed that although at the forefront of innovative museum practice at the time of their development, the current African Worlds and Centenary Galleries are now perceived as outdated in terms of content, interpretation and style of display.

The existing displays in the main gallery will therefore be refreshed, reorganised and reinterpreted and the Studio will become a fully flexible space resulting in 700 square

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metres of refurbished galleries (one third of the total museum gallery space). This will allow people to engage more effectively with our worldwide collection and will position the new gallery as one of the world's leading anthropology galleries.

The displays will be integrated, accessible and inclusive, with opportunities for hands-on exploration throughout and an approach to interpretation that is participative, playful and invites visitor response drawing on the connections and links between the anthropology collection and music, natural history, the Gardens and other living collections to encourage an integrated view of the world in which we live. The spaces will provide the raw materials for visitors to explore other cultures, and to develop their own appreciation of similarities and differences.

Within these spaces our visitors will benefit from improved accessibility, both physically in terms of layout and through excellent in-gallery and digital interpretation to communicate the breadth and depth of the Anthropology collection. The project will provide more opportunities for multi-sensory engagement through the handling collection. Indeed throughout the gallery there will be opportunities to learn through exploration using all the senses, facilitated through volunteer-led object handling using our handling collection. This will help us serve the needs of a more diverse audience in terms of learning styles, SEN requirements and ESOL opportunities.

We will integrate digital applications into the gallery to provide in-depth commentaries and to support dialogue, participation and the capturing and sharing of different points of view, stimulated by the objects on display. We already have over 31,800 anthropology items online and plan to have all 80,000 anthropology objects in the collection online by 2018. The Horniman has built a strong track record with digital activity that is recognised across the sector including the delivery of a well-considered website relaunch and the subsequent strategic usage of social media platforms, all attracting significant year-on-year visitor/follower growth.

3.5 Increased number and diversity of visitors

Reflecting and serving a diverse Lewisham community

The Horniman has more than trebled its total visitor numbers over recent years with the help of hugely successful capital developments and public engagement programmes, currently attracting 860,000 visits to its Museum and Gardens annually, 48% of which are from Lewisham. Indeed our experience tells us that successful capital developments have had a direct and significant impact on visitor figures driving an initial spike in numbers then a steady growth year on year. We anticipate that the delivery of this project will support a target of 1 million visits to the entire site and the area of Forest Hill, by 2023.

As mentioned, our visitor research shows that overall visits to the existing anthropology galleries have fallen dramatically in recent years and they no longer provide the strong incentive to visit that they used to. In 2014/15, 38% of our visitors visited African Worlds compared to 67% in 2003/4. The delivery of this project will see a significant rise in the percentage of visitors to the transformed anthropology gallery itself and new audiences attracted to the new, artistic Studio space.

The percentage of Black and Minority Ethnic (BAME) visitors to the Horniman has started to decline in recent years, as have visitors from lower socio-economic groups. It is our intention to re-engage these audiences along with attracting a greater diversity that reflects London's population. With this in mind we are collaborating with our communities to create innovative and diverse programmes as part of the project that reflect their varying needs and enrich their learning experiences as well as their enjoyment of the new spaces. We need to inspire people from different cultures to

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explore our shared humanity and perspectives on life through the redisplay, examining the similarities and differences between us all. We also want to extend our reach to engage more families, young adults, schools and hard to reach audiences through our community engagement programme.

3.6 Improved future sustainability of organisation

Securing the Horniman's future for generations to come

As public funding continues to decline, it is ever more important that we generate more of our own revenue and increasing and diversifying our audience lies at the heart of this ambition. It is crucial that we use our whole estate to our best advantage. Through this proposed major capital investment in inspirational new galleries and innovative public engagement programmes, visitors (both existing and new) will be significantly increased.

Indeed as visitor numbers continue to rise, it is imperative we encourage footfall across the site. This will improve the visitor experience, increase dwell time and in turn encourage greater secondary spend via our shop, café and ticketing channels as well as introducing new people to the range and variety of spaces available for hire. We will increase the income per visit to £3.40 by 2023 (£2.44 in 14/15).

The Studio, because of its size and flexibility, also represents a financially sustainable model for continuing our innovative public engagement and programming. The new adult offer will allow us to reach new audiences, extend the reach of our membership scheme and enhance our ability to operate commercially.

This growth in commercial and charitable activity income will help towards meeting cuts in grant-in-aid in the future as will the income generated from trusts and foundations, private individuals and Arts Council England, attracted by the funding opportunities presented through these new spaces.

If we are not able to develop this project, we are not only undermining our position as guardians of this unique collection but also fundamentally damaging our core charitable purpose and ability to realise our founding vision and commitment to engage, stimulate and be relevant to the increasingly diverse communities of London. We will be putting at risk all the investment and work that has led to our success in collections and audience development alongside income generation over recent years, potentially damaging our relationship with existing supporters as well as reducing prospects for future fundraising – all critical for our future sustainability.

3.7 Benefits to the local economy

Sharing our success

The rising popularity of the Horniman over recent years has had a significant impact on not only local communities but also local businesses. We have played a valuable role in helping to revive the local town centre, driving urban regeneration and creating a better place to live and locate businesses working with local partners including SEE3 and the Forest Hill Society.

As mentioned, we have joined ALVA this year and are a preferred partner for Arts Council England, the British Council, other national museums and academic and cultural institutions worldwide. Our free large scale events attract thousands of visitors throughout the year, not only bringing communities together and making lives richer through accessible, quality artistic programming but also offering a cultural and trading venue for other organisations.

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In terms of measuring our impact on the local economy through tourism, we had 861,621 visits to the Museum and Gardens in 2013/14 of which 58% were adults. Using the Association of Independent Museum's (AIM) economic value toolkit 2014 methodology, we have calculated a gross visitor impact of £17,982,217. Our employment impact for the same period was 186 FTE direct, indirect and induced jobs and our impacts on spend on goods and services £2.8m direct, indirect and induced spending.

This level of contribution to our local environment is set to expand through the delivery of this project as we enhance our positioning within the international museum community alongside building our popularity as a leading visitor attraction.

4. Finance and fundraising

The total cost of the redevelopment is **£4.7m**.

We have a HLF stage 1 pass for £3.3m and will submit for stage 2 in December 2015.

Funds already pledged/received: £730k

Garfield Weston Foundation: £100k, Horniman development fund reserves: £600k, Friends of the Horniman: £30k. (We expect to replenish the development fund reserves of £600k by 2018).

Funds to be raised: £1.27m (£670k + £600k to replenish Horniman reserves)

➤ **Major trusts and foundations' target of £1m**

We have submitted a Stage 2 application to the Wolfson Foundation (decision December 2015) and applications to the Eranda Foundation, Sackler Foundation and Charles Hayward Foundation (decisions in November 2015). The following are also welcoming applications from us (which we are currently preparing for submission): Pilgrim Trust, Fidelity UK Foundation, Esmee Fairbairn, Paul Hamlyn Foundation and Foyle Foundation.

➤ **Smaller trusts' target of £100k**

We have submitted 26 applications to small and medium size trusts with a further 24 being finalised for submission by end September 2015.

➤ **Individuals and corporate target of £170k**

Our public campaign with a target of £50k will be launched post HLF stage 2 alongside a major giving target of £80k and a corporate target of £40k.

5 Project timetable

The redevelopment is led by the Project Champion (Chief Executive) who works with the Board of Trustees, Management Project Board and external partners to ensure effective and efficient project design, development and delivery.

Concept design completed	July 2015
Developed design complete	Nov 2015
Stage 2 HLF submission	10/12/2015
Technical design complete	Nov 2016
Contractors appointed	Nov 2016
Work starts on site	Nov 2016
Galleries open	Spring 2018.

End.

APPENDIX 2 – DRAFT EXAMPLE LOAN FACILITY AGREEMENT

NB – this is a draft example agreement. The report asks for delegated authority to the Executive Director for Resources and Regeneration to negotiate and finalise the terms of the agreement with the Horniman Museum.

Facility Agreement

DATED xx xxxxxx xxx

The Board of Trustees of the xxxxxxxxxxxxxxxxxxxxxx(Borrower)

and

The Secretary of State for Culture, Media and Sport (Lender)

FACILITY AGREEMENT

APPENDIX 2 – DRAFT EXAMPLE LOAN FACILITY AGREEMENT

THIS FACILITY AGREEMENT dated 6TH February 2015 is made

BETWEEN:

The Board of Trustees of the xxxxx Museum, (the Borrower); and

The Secretary of State for Culture, Media and Sport (the Lender).

BACKGROUND

- A. The Lender has agreed to make available to the Borrower a Sterling Loan Facility on the terms and conditions set out in this Agreement in order to facilitate the refurbishment of the Borrower's site inxxxxxxxxxx.

APPENDIX 2 – DRAFT EXAMPLE LOAN FACILITY AGREEMENT

IT IS AGREED as follows:

Definitions and interpretation

Definitions

In this Agreement, unless otherwise provided:

'Business Day' means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in London;

'Cancellation Notice' has the meaning given to it in Clause 0;

'Commitment' means £xxxxxxx (xxxxx pounds Sterling) minus any amount reduced or cancelled in accordance with this Agreement;

'Commitment Period' means the period commencing on the date of this Agreement to and including xxst xxxxxx 20xx;

'Disbursement Date' means the date of disbursement specified in Clause 4;

'Event of Default' has the meaning given to it in Clause 01 (Events of Default);

'Facility' means the Sterling term loan facility made available under this Agreement in an amount equal to the Commitment;

'Facility Period' means the period from the date of this Agreement until all the obligations of the under this Agreement have been unconditionally and irrevocably discharged to the reasonable satisfaction of the Lender;

'Final Repayment Date' means 1st April 20xxx;

'Financial Year' means a period of 12 months ending with 31 March;

"xxxxxxxxxxxxxxxx Project" means the Borrower's project to refurbish its xxxxxxxxxxxxxx site as set out in the document entitled xxxxxxxxxxxxxxxxxxxxxxxxxxx new Storage and Conservation Centre that was notified to the Lender on xth xxxxxxxxxxxxxx 20xx;

'Interest Payment Date' means each 1st April and the Final Repayment Date;

'Loan' means the principal amount of each borrowing under this Agreement or the principal amount outstanding of that borrowing and each instalment of the loan is a borrowing for this purpose ;

'Party' means a party to this Agreement;

'Potential Event of Default' means an event that with the giving of notice, lapse of time or other applicable condition would be an Event of Default;

'Prepayment Notice' has the meaning given to it in Clause 0;

'Sterling' and £ mean the lawful currency of the United Kingdom.

Interpretation

In this Agreement, unless the context otherwise requires:

words in the singular include the plural and vice versa;

including means including without limitation;

where an act is required to be performed promptly, it must be performed as soon as reasonably possible from the moment when the act could reasonably have been performed, having regard to all of the circumstances;

a time of day is a reference to London time;

APPENDIX 2 – DRAFT EXAMPLE LOAN FACILITY AGREEMENT

a reference to any Party shall be construed as including, where relevant, successors in title to that Party, and that Party's permitted assigns and transferees (if any);

a reference to a person includes individuals, unincorporated bodies, government entities, companies and corporations;

a reference to a Clause or a Schedule is to a clause of, or schedule to, this Agreement;

a reference to this Agreement or any other agreement is a reference to that document as amended, novated, supplemented, restated or replaced from time to time in accordance with its terms; and

references to legislation include any modification or reenactment thereof.

A reference to this Agreement includes its Schedules, which form part of this Agreement.

The table of contents and any Clause title, Schedule title or other headings in this Agreement are included for convenience only and shall have no effect on the interpretation of this Agreement.

An Event of Default is 'continuing' if it has not been waived in writing by the Lender and a Potential Event of Default is 'continuing' if it has not been remedied by the Borrower or waived in writing by the Lender.

Third party rights

Except as expressly provided for in this Agreement, a person who is not a Party shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the provisions of this Agreement. This does not affect any right or remedy of such a person that exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

The Parties may terminate or rescind this Agreement, or agree to any variation, waiver or settlement in connection with it, without the consent of any third party, whether or not it extinguishes or alters any entitlement they may have to enforce any of the provisions of this Agreement.

The Facility

Subject to the terms of this Agreement, the Lender makes the Facility available to the Borrower.

The Borrower shall only use the Facility for the xxxxxxxxxxxxxxxxxxxx Project or any other purpose for which the Lender has given its prior written approval ("the Project").

The Lender is under no obligation to investigate how any amount borrowed under this Agreement is used.

The Borrower must ensure that it has all authorisations necessary to enable it to enter into and perform its obligations under this Agreement

Conditions to disbursing a Loan

The Lender is not obliged to disburse any Loan unless on the Disbursement Date of the Loan:

no Event of Default or Potential Event of Default has occurred and is continuing, or will occur on the making of the Loan; and

the representations and warranties set out in Clause 10 (Representations and Warranties) are true.

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- 3.2 The Borrower shall notify Lender forthwith in writing if it becomes aware that an Event of Default or Potential Event of default has incurred or if the representations and warranties set out in Clause 10 are not true.

Mechanics of disbursing a Loan

Subject to the terms of the Agreement the Loan shall be disbursed to the Borrower in three instalments in the following amounts and in the following months on a date in that month to be determined by the Lender and notified to the Borrower-

Amount	Date
£0.xxxxm	xx/xx/xxxx
£x.000m	xx/xx/xxxx
£x.x00m	xx/xx/xxxx

The amount of any Loan that is not required to defray expenditure incurred by the Borrower in connection with the Project in any Financial Year shall be held by the Borrower in an account with the Government Banking Service until such time as it is necessary to utilise the Loan or any part the Loan to defray such expenditure.

The Borrower may, by notice in writing, request a Loan in a smaller amount than that referred to in paragraph 4.1 above. A notice requesting a smaller Loan (a Loan Reduction Notice) must be served before 31st November in the Financial Year preceding the Loan.

The service of a notice in accordance with Clause 4.3 shall reduce the amount of the Commitment by the amount by which the Loan is reduced.

Once served, a Loan Reduction Notice cannot be withdrawn.

Interest

Payment of interest

Interest on the principal amount of each Loan shall accrue daily on the basis of a 365-day year and for the actual number of days elapsed.

The Borrower must pay accrued interest to the Lender on each Interest Payment Date.

Interest Rate

5.2.1 The rate of interest applicable to the Loans shall be the National Loans Fund interest Rate (New Loan Rate, Equal Instalments of Principal) for the period over which the Loan will be repaid, published by the UK Debt Management Office on the date of disbursement of a Loan¹.

5.2.2 A certificate by the Lender as to the applicable rate of interest on the date of disbursement of a Loan shall, in the absence of manifest error, be conclusive for the purposes thereof

Break costs

The Borrower must pay to the Lender on demand any break costs of the Lender which are attributable to all or any part of a Loan being reduced, repaid or prepaid by the Borrower other than in accordance with the terms of this Agreement.

¹ Currently published on: http://www.dmo.gov.uk/index.aspx?page=PWLB/NLF_Rates

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Repayment, prepayment and cancellation

Repayment

The Borrower must repay the Loans in full in equal instalments on each 1st April commencing on 1st April 20xx and ending on the Final Repayment Date.

Prepayment

The Borrower may prepay the whole or part of any Loan, in accordance with this Clause 0 (Prepayment), without penalty by giving written notice (a Prepayment Notice) to the Lender of its intention to do so.

The Prepayment Notice must be served before 30th November in any Financial Year.

The Prepayment Notice must specify the intended date and amount of the prepayment.

The amount prepaid must be in a minimum amount of the lower of:

£500,000 (five hundred thousand pounds Sterling); and
the aggregate of all amounts outstanding under the Loans.

Once submitted, a Prepayment Notice cannot be withdrawn.

Any prepayment must be made together with accrued interest on the amount prepaid.

Amounts prepaid will be applied against remaining repayment instalments pro rata.

Upon prepayment in accordance with this Clause 0 (Prepayment), the Commitment shall be reduced by the amount prepaid.

Cancellation

The Borrower may cancel the whole or part of an undisbursed Loan undrawn Commitment, in accordance with this Clause 0 (Cancellation), without penalty by giving written notice (a Cancellation Notice) to the Lender of its intention to do so.

A Cancellation Notice must be served before 30th November in any Financial Year.

The Cancellation Notice must specify the intended date and amount of the cancellation.

The amount cancelled must be in a minimum amount of £500,000 (Five Hundred Thousand Pounds Sterling).

Once submitted, a Cancellation Notice cannot be withdrawn.

Upon cancellation in accordance with this Clause 0 (Cancellation), the Commitment shall be reduced by the amount cancelled.

Reborrowing

Any sums repaid, prepaid or cancelled under this Agreement may not be re-borrowed or reinstated

Taxes

Tax gross up

Subject to Clause 0, all payments by the Borrower under this Agreement must be made free and clear of any deduction or withholding of any kind for or on account of tax.

If the Borrower is required by law to make any deduction or withholding from any such payment for or on account of tax the sum due from it in respect of such payment must be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives and retains (free from any liability in

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respect of any such deduction or withholding) a net sum equal to the sum which it would have received had no deduction or withholding been made or been required to be made.

Tax indemnity

As a separate obligation, if the Lender is required to make any payment of or on account of tax (other than tax on its overall net income) on or calculated by reference to the Facility or by reference to any sum received or receivable under this Agreement by the Lender or any liability in respect of any such payment is asserted, imposed, levied or assessed, the Borrower must, upon demand of the Lender, promptly indemnify the Lender against such payment or liability, together with any interest, penalties and expenses payable or incurred in connection therewith.

Change of circumstances

Illegality

If it becomes illegal for the Lender to perform its obligations under this Agreement:

it shall promptly notify the Borrower of this fact;

the Commitment will be cancelled immediately upon the Borrower's receipt of such notification; and

the Borrower must repay the Loans in full together with any accrued interest thereon, any break costs and any other amounts owing under this Agreement on the Interest Payment Date immediately following such notification/on the date specified by the Lender in such notification.

Evidence of debt

A copy of any entry in the Lender's accounts shall in any legal proceedings arising out of or in connection with this Agreement be prima facie evidence of the matters, transactions and accounts to which it relates. A certificate by the Lender as to any sum payable to it under this Agreement shall, in the absence of manifest error, be conclusive for the purposes thereof.

Representations and warranties

The Borrower makes the following representations and warranties to and for the benefit of the Lender on the date of this Agreement and acknowledges that the Lender has entered into this Agreement in reliance on such representations and warranties:

Binding obligations: subject to the Legal Reservations, its obligations under this Agreement are legal, valid, binding and enforceable;

No conflict: the entry into and performance by it of this Agreement will not involve or result in a contravention of any contractual or other obligation or restriction that is binding on it or any of its assets;

Corporate authority: it has taken the necessary corporate action to allow it to enter into and perform its obligations under this Agreement;

Authorisations: all authorisations, consents and licences necessary to enable it to enter into and perform its obligations under this Agreement and to enable it to conduct its business in its current form have been obtained;

No default: other than as disclosed under Clause 0 no Event of Default or Potential Event of Default has occurred and is continuing or will occur on the making of a Loan.

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Repetition

The representations contained in this Clause 0 (Representations and warranties) are deemed to be repeated by the Borrower by reference to the facts and circumstances then existing on:

each Disbursement Date; and

each Interest Payment Date.

Notification of default

The Borrower must, promptly on becoming aware of the same, notify the Lender of the occurrence of any Event of Default or Potential Event of Default together with the steps being taken to remedy it.

Events of Default

The occurrence of any of the following is an Event of Default:

Non-payment: the borrower fails to pay any amount payable by it under this Agreement on the date it falls due;

Breach of obligations: the Borrower fails to perform promptly any of its obligations under this Agreement (other than the obligations referred to in Clauses 11.1.1 unless in the Lender's opinion such failure to perform can be remedied and is remedied to the satisfaction of the Lender within 14 days of the Borrower first becoming aware of the failure to so perform;

Misrepresentation: any representation or warranty contained in this Agreement or in any document or instrument delivered under or in connection with this Agreement, is incorrect or misleading in any material respect when made or deemed to be made;

Cross-default:

any Financial Indebtedness of the Borrower, is not paid when due after taking into account any applicable grace period;

any Financial Indebtedness of the Borrower becomes due and payable before its stated date of maturity; or

Unlawfulness, invalidity:

it is or becomes unlawful for the Borrower to perform any of its obligations under this Agreement;

it is or becomes unlawful for the Lender to exercise any of its rights under this Agreement;

this Agreement becomes invalid or unenforceable or ceases to be in full force and effect for any other reason; or

the Borrower does or causes or permits to be done anything which evidences an intention to contest or repudiate this Agreement wholly or in part;

Enforcement of security: any step is taken to enforce any security over the undertaking, property, revenue or assets of the Borrower;

Attachment or distress: any step is taken to levy, enforce upon or sue on any distress, execution, sequestration, attachment or other process against any of the assets of the Borrower;

Insolvency: the Borrower suspends or threatens to suspend making payments with respect to all or any class of its debts; or

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Consequences

If an Event of Default occurs and is continuing, the Lender may, by notice to the Borrower, declare that:

the Commitment (if any) is cancelled (in which case the Commitment shall be immediately cancelled);

the Loans, or part of the Loans are payable on demand (in which case those amounts shall be immediately payable on demand);

the Loans, or part of the Loans, and any other amount due or becoming due to the Lender is immediately due and payable (in which case those amounts shall be immediately due and payable); and/or

it intends to exercise any or all of its rights, remedies, powers or discretions under this Agreement (in which case it may exercise any such rights).

Payments

All sums payable by the Borrower under this Agreement must be paid in Sterling in full without any set-off or counterclaim and in cleared funds no later than 11 am on the day in question to such account as the Lender may have specified for this purpose.

Where the day on or by which any payment is to be made is not a Business Day, that payment must be made on or by the preceding Business Day.

Set-off

The Lender may set off any matured amount which the Borrower owes it under this Agreement against any grant in aid or any other payment it is required or entitled to make to the Borrower.

All payments to be made by the Borrower under this Agreement shall be calculated and made without (and free and clear of any deduction for) set-off.

Transfers

Right of Lender to transfer

The Lender is entitled at any time to assign its rights or otherwise transfer all or any part of its rights or obligations under this Agreement.

No right of Borrower to transfer

The Borrower is not entitled to assign its rights or otherwise transfer all or any part of its rights or obligations under this Agreement.

Disclosure

The Borrower irrevocably authorises the Lender to disclose any information concerning the Borrower or this Agreement to any prospective or actual assignee or transferee and any other person considered by the Lender to be concerned in the assignment or transfer.

Notices

Any notice or other communication given by a party under this Agreement must:

be in writing and in English; and

be signed by or on behalf of the party giving it.

Notices will be sent to:

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Borrower-Attention: xxxxx, Director at: xxxxxxxx Museum, *address* , email address , [copy finance director]; and

Lender-Attention: Head of Finance at: Department for Culture Media and Sport, 100 Parliament Street, London, SW1A 2BQ, [email](#).

A Party may change any of its details given in Clause 15.2 by giving not less than 5 (five) Business Days' notice to the other Party.

Notices may be given and will be deemed received:

by hand: on receipt of a signature at the time of delivery;

by pre-paid recorded signed for post: at 9.00 am on the 2nd (second) Business Day after posting; and]

by facsimile: on receipt of a transmission report from the correct number confirming uninterrupted and error-free transmission; and

by email 24 hours from delivery if sent to the correct email address and no notice of delivery failure is received.

This Clause 15 (Notices) does not apply to any notice given in legal proceedings, arbitration or other dispute resolution proceedings.

Amendments

No amendment, waiver or variation of any of the terms of this Agreement will be valid or effective unless made in writing and signed by or on behalf of the Parties.

Remedies and waivers

No failure, delay or omission by the Lender in exercising any right, power or remedy provided by law or under this Agreement shall operate as a waiver of that right, power or remedy, nor shall it preclude or restrict any future exercise of that or any other right, power or remedy.

No single or partial exercise of any right, power or remedy provided by law or under this Agreement shall prevent any future exercise of it or the exercise of any other right, power or remedy.

The Lender's rights, powers and remedies under this Agreement are cumulative and they do not exclude any rights, powers or remedies that arise by law.

Partial invalidity

If any provision of this Agreement (or part of any provision of this Agreement) is or becomes illegal, invalid or unenforceable, the legality, validity and enforceability of any other provision of this Agreement (or other part of that provision of this Agreement) shall not be affected.

If any provision of this Agreement (or part of any provision of this Agreement) is or becomes illegal, invalid or unenforceable but would be legal, valid or enforceable if some part of it was deleted or modified, the provision or part-provision in question shall apply with such deletions or modifications as may be necessary to make the provision legal, valid and enforceable. In the event of such deletion, the Parties shall negotiate in good faith in order to agree the terms of a mutually acceptable alternative provision in place of the provision or part-provision so deleted.

Counterparts

This Agreement may be signed in any number of separate counterparts and this has the same effect as if the signatures on those counterparts were on a single copy of this Agreement.

Each Party may evidence their signature of this Agreement by emailing a signed signature page of this Agreement in PDF format together with the final version of this Agreement in PDF or

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Word format, which shall constitute an original signed counterpart of this Agreement. Each Party adopting this method of signing will, following circulation by fax or by email, provide the original, hard copy signed signature page to the other Party as soon as reasonably practicable.

Governing law and jurisdiction

This Agreement and any dispute or claim arising out of, or in connection with it, its subject matter or formation shall be governed by, and construed in accordance with, the laws of England and Wales.

The Parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any disputes or claims arising out of or in connection with this Agreement, its subject matter or formation, provided that nothing contained in this Agreement shall be taken to limit the right of the Lender to bring proceedings in any other jurisdiction or jurisdictions whether concurrently or not.

AS WITNESS of which the Parties have entered into this Agreement on the day and year first above written.

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EXECUTION PAGE

THE BORROWER

Signed by xxxxx for and on behalf of The Board of Trustees of the xxxxx Museum

.....

[signature of authorised person]

[Authorised signatory]

THE LENDER

Signed by Sue Owen for and on behalf of the Secretary of State for Culture, media and Sport

.....

Authorised [signatory/signatories]