Briefing Paper to the Economy and Environment Overview and Scrutiny Commission

12th February 2026

Hull Maritime Project – Financial Position

Briefing Paper of the Assistant Director of Major Projects & Infrastructure

Not exempt

1. Financial summary

1.1 The table in 2.1 shows the forecast outturn for the Hull Maritime project as of February 2026. It has been prepared in response to a Economy and Environment Scrutiny Commission action requesting an updated summary of total project costs and funding. The figures bring together all capital and engagement activity costs, along with confirmed funding contributions.

1.2 We recognise the delay in providing this financial update to the commission. In order to support the delivery of the Hull Maritime project, the National Lottery Heritage Fund (NLHF) were approached in March 2025 to allocate additional funding to the project via a grant uplift request. This process takes several months to complete and requires a decision to be made at the NLHF national Board. Our request was submitted in August 2025 and was presented to the NLHF Board in early December 2025. The Council received formal confirmation of the grant uplift in mid-January 2026. This confirmation was required in order to finalise the programme and costings to present to the Economy and Environment Overview and Scrutiny Commission.

1.3 The Hull Maritime Board, which includes representation from Cabinet and the Leader of the majority Opposition Group, have been receiving monthly updates on the progress of the project, including the latest financial projections. Quarterly monitoring updates on project activities, including expended and forecast spend, are also provided to the NLHF and reviewed by an external project monitor and the Lottery's Senior Investment Manager.

1.4 The current forecast shows a total project cost of £49.233m. This is funded through Hull City Council capital commitment (£28,141,000), a grant from the National Lottery Heritage Fund (NLHF) (£18,599,000) and private donations (£2,493,000).

2.0 Capital works costs

2.1 The table below shows the original approved delivery phase costs in 2019 and predicted outturn as of February 2026. The figures set out the current financial position of the project, showing the forecast cost to completion and how this will be funded. In January 2026, the NLHF confirmed the award of a grant uplift to the Council of £4,966,000, increasing their total contribution to the project from £13,633,000 to £18,599,000.

Capital Works Costs	Approved delivery phase costs (2019)	Predicted Outturn at February 2026
Hull Maritime Museum & Dock Office Chambers	£7,658,950	£13,307,000
North End Shipyard Visitor Centre & Dry Dock	£3,837,117	£7,499,000
Historic Ships & North End Shipyard Dock Gate and Dredging	£5,083,000	£9,967,000
Interpretation Fitout (Hull Maritime Museum, North End Shipyard and Arctic Corsair)	£4,848,572	£5,728,000
Collection Return	£807,000	£1,220,000
Scotch Derrick Crane	£234,697	£270,000
Specialist Services	£2,031,932	£5,514,000
Contingency	£2,761,200	£1,421,000
Capital Works Costs TOTAL	**£27,262,468**	**£44,926,000**

Engagement Activity	Approved delivery phase costs (2019)	Predicted Outturn at January 2026
HCC Staff Costs	£591,060	£1,551,000
HCAL Staff Costs	£721,940	£1,138,000
Activity Plan Costs	£998,200	£1,050,000
Publicity & Promotion	£151,000	£238,000
Evaluation	£40,000	£60,000
Volunteer time (in kind)	£270,000	£270,000

Engagement Activity Costs TOTAL	**£2,772,200**	**£4,307,000**

Project Costs TOTAL	**£30,034,668**	**£49,233,000**

Funding		
Local authority - HCC	£14,031,000	£28,141,000
Private donation – Charitable, Corporate & Volunteer time	£2,396,000	£2,493,000

NLHF Grant Total	£13,632,000	£18,599,000

Project Budget	£30,059,000	£49,233,000

3. Project Management

3.1 A multidisciplinary professional team has been engaged to support the delivery of Hull Maritime. This includes an independent quantity surveyor, through Mace Group, to provide cost control and cost management. Mace have provided independent advice throughout the development, procurement and delivery phases of each contract to ensure best value and that costs are in line with market rates. The project has also been subject to the rigorous oversight and approval procedures of the NLHF, including quarterly monitoring meetings, where update reports on programme, costs and outputs are submitted to an external monitor and the Lottery's Senior Investment Manager followed by a detailed meeting to scrutinise the information and provide updates on progress. The outcome of all procurement exercises must be reviewed by the NLHF for approval before contract award.

3.2 The project has experienced significant cost pressures and programme prolongation which can be attributed to a number of global, national and local factors, together with issues directly related to the complexity, diversity and uniqueness of the heritage assets involved. Details of each element of the project, the issues and impacts experienced, and how they have been managed, are contained within Appendix 1.

3.3 The Hull Maritime project encompasses the delivery of five individual large-scale capital investment projects. Although the original delivery approach anticipated having a more linear delivery programme, in reality, the programme has required significant periods of concurrent works across the various sites due to the impact of the COVID-19 pandemic on the overall programme, which resulted in almost two years of disruption.

3.5 The extent of concurrent works, and the scale of the individual projects, mean macroeconomic factors have impacted on each project simultaneously. Wherever possible, the team has undertaken value engineering to manage cost change. However, with all works 'in contract' and progressing in parallel, the ability to either omit elements of the project(s) or scale back significantly while maintaining high quality outputs has been limited.

3.6 The project is creating a new, world-class maritime experience by restoring and repurposing listed historic buildings, ships on the National Historic Ships register, and delivering groundbreaking attractions, such as the North End Shipyard visitor centre, the first public building developed to Passivhaus standard in the UK. Such ambitious and complex projects require specialist knowledge, expertise and craftsmanship, bespoke solutions and often experience unanticipated issues due to their unique nature. To add to the complexity of the project, it is being delivered in a challenging marine environment.

3.7 Factors affecting cost certainty include inflation and changes in material costs, which both increased by unprecedented amounts during the COVID pandemic. The Building Cost Information Service (BCIS) suggests tender price levels over the programme period have increased by 26%. This was impossible to predict at the time the Council submitted the Round 2 application to the NLHF in 2019, when inflation was estimated at 3.8%. While contingency has been built into the project, the scale of the change to inflation could not have been predicted. Of 29 construction material prices, 19 rose by 40% compared with 2021-2023. As examples, steel rose by 100%, timber by 60% and other commodities by 40% within two years, directly affecting the budget for the programme of works. Pre-Tender Estimates were calculated before the material spikes and all construction projects within this project budget were procured and tendered within this period of instability.

3.8 Changes to legislation have also increased costs, with changes having to be made for some elements of the project to comply with these. For example, design amendments were required in the Maritime Museum to comply with the Building Safety Act 2022 following the Grenfell Tower tragedy. A protracted negotiation has also been required with the Marine Management Organisation (MMO) to gain the relevant licences to undertake dredging works in the River Hull, required to dry dock the Arctic Corsair, due to new compliance requirements introduced within the past two years. Due to the restrictions on timings of certain works (moving of vessels etc), this has added almost 18 months on to parts of the project around the Arctic Corsair move and has added extensive extra costs relating to the required dredging and disposal of dredged material.

3.9 To support the costs of the project, every opportunity has been taken to pursue strategic partnerships and funding with other public bodies, such as National Highways and the Environment Agency, as well as securing funding from the Coastal Revival Fund, ERDF, Levelling Up, and Trusts and Foundations. Major funders including Garfield Weston Foundation, The

Headley Trust, The Foyle Foundation, Trinity House London, Sir James Reckitt Charity and ABP.

4.0 Next steps

4.1 In 2026, the Hull Maritime sites and attractions will open to the public. It will be a landmark year for the city with the opportunity to celebrate 800 years of Hull's rich maritime past. This new, world-class maritime experience will become the best outside of London. This has already started with Hull being named in the top 25 places to visit in the world by National Geographic – the only UK city to be included. In addition, there has also been positive media coverage in The Guardian, Daily Mail, Metro and The Sun.

4.2 The first attraction to reopen will be the Spurn Lightship on Saturday 7th March 2026. The vessel has been relocated on Hull Marina, fully restored, safeguarding its future for generations to come along with new interpretation to tell its rich story. The landscaping and the new gangplank, improving access for all, are almost complete. Timings of part of this component of the project have required coordination with the on-going Castle Street works being undertaken by National Highways.

4.3 The Grade II* historic Maritime Museum will open in summer 2026. The building has received a large-scale refurbishment of its fabric, to transform and open up the internal spaces as well as deliver essential repair and maintenance works, securing the building's long-term future. This investment will provide a beautiful backdrop to display the city's rich maritime collection. The installation of the museum display cases and plinths is progressing well on site, following which, the artefacts will be carefully installed by the museum's curatorial team.

4.4 The North End Shipyard visitor centre building is complete and has achieved Passivhaus standard to become one of the most energy efficient cultural buildings in the UK. The city's last remaining Scotch Derrick crane has also been restored and installed on site. The fit-out of the visitor centre will begin in Summer. Planning for the move of the Arctic Corsair from William Wright Dock to the vessel's new dry dock is progressing well. The MMO licence has now been granted and the licence from the Environment Agency for water disposal associated with the dredging works is in the final stage of determination. The move of the vessel is anticipated to take place in Summer 2026. This licence approval process has taken considerably longer than expected and has required senior level engagement with the Defra/CEFAS to finally move things forward, but even then, it has delayed parts of this component of the project by around 12-18 months.

4.5 The project is recognised for its ambition and quality of design as a major city-wide placemaking project that will drive the regeneration of Hull. It will cement Hull's place as a world-class destination, substantially improving its visitor offer, boosting the visitor economy and capitalising the legacy from UK City of Culture 2017. This is reinforced in the Council's new City Centre Vision 2025-2045, which provides a framework for the next phase of economic

regeneration in Hull. Central to this vision are the citywide changes that the Hull Maritime project is bringing, and its maximising of our blue infrastructure.

4.6 The delivery of Hull Maritime has included extensive engagement, with the community of Hull at the heart of the project. The vision was shaped by the people of Hull and reflects their pride and aspirations. Local people have played an active role in the delivery of a 5-year engagement plan. The delivery of the project's activities has achieved the involvement of over 20,000 people, engaging new audiences, hard-to-reach groups and ensuring that communities from every part of the city and wider region have had the opportunity to be part of the project. A wide range of volunteering opportunities have been delivered, alongside creating jobs and offering training to hundreds of people. This is a legacy to UK City of Culture 2017, strengthening the civic pride of a proud city with a proud story, and delivering benefits for generations to come.

4.7 The Hull Maritime project is a regeneration project that delivers on the strategic ambitions of the city. It will help to drive the city forward, transforming the places and spaces of the city, creating new experiences and developing more opportunities to connect with Hull's heritage, past, present and future. This pioneering multi-site project will generate at least one million additional visitors over the first five years, doubling visitors to Hull's museums and boosting the city's economy by a minimum of £5.5 million a year.

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Appendix 1 – Cost and programme impacts

Project	**Cost and programme impacts**
Hull Maritime Museum & Dock Office Chambers	• **Pre-construction information** Limited access to survey historic fabric at design stage: the nature of the Grade II* listed building, and the fact that it was still an operational museum at the time, meant there were areas that could not be surveyed pre-commencement of the works. A significant amount of asbestos was found, and the lead-lined domes needed 100% restoration compared to the predicted 20%. • **Asbestos** Aerosol Asbestos was found throughout the lift shaft and therefore removal was needed. The delivery of the asbestos works involved a subcontractor taking possession of a significant section of the building. The works required a protected area that stopped all access to the building through the main entrance and limited

	circulation, requiring the main contractor to reassess their work programme. This contributed towards the overall extension of time on the project. • **Building infrastructure and floor trenches** A key ambition of the conservation works was to remove the accumulation of surface-mounted cables and pipes throughout the building to improve its infrastructure. This was challenging to deliver in a Grade II* listed building. Corridors at ground, first and second floor were found to be of solid construction rather than containing the anticipated voids for use as service runs requiring rerouting and/or unanticipated excavations. • **Collections** The decant of the collections took place during the pandemic. Due to the social distancing restrictions in place at the time, this process took longer than originally envisaged. Social distancing restrictions also meant that objects could not be surveyed and measured for mounts prior to being removed to storage. • **Atrium** The Atrium is one of the key spaces within the refreshed museum. This complex space has needed careful consideration due to the ambitious plans for fitout. The works revealed brickwork requiring additional replacement and revealed a number of historic structures requiring works to retain and present these. • **Additional conservation works** Increased conservation works and plaster repairs to the decorative ceiling within the court room. Servicing and repairs to the external clock within one of the cupolas including to the automatic winding mechanism to ensure it's feasible to keep running.
Arctic Corsair	• **Relocation of vessel** During the pre-construction phase, the Environment Agency commenced major flood alleviation works along the River Hull. These works conflicted with the vessel's existing mooring location. To prevent programme delay and ensure safe storage, the Arctic Corsair was relocated to a temporary wet berth at Siemens' wind turbine facility in Alexandra Dock. This arrangement was not anticipated in the original scope of works • **Asbestos** Despite earlier reports indicating limited asbestos presence, significant quantities of asbestos-containing materials (ACMs) were discovered once restoration works commenced. The material had not been previously identified on the asbestos register and was found only through intrusive investigation during the restoration phase.

	• **Restoration** During the detailed conservation of the Arctic Corsair, several unanticipated requirements emerged that were not covered within the original specification. These included the replacement of the aluminium wheelhouse roof, an additional period of dry docking to complete remedial works, and a decision to upgrade the external paint finish for improved long-term durability and presentation. These changes were managed through formal change control processes and required careful balancing of budget constraints with conservation standards. • **Improved accessibility** A few critical design changes were required to support the successful berthing and future visitor access to the Arctic Corsair. To improve access into the Arctic Corsair, several design changes were required late in the restoration process. This included the specification and installation of a scissor lift to enable access into the fish hold, and a full redesign of internal staircases to meet accessibility and fire safety standards. These amendments emerged during final design reviews and in response to updated fire risk assessments, requiring close coordination between the design team, marine consultants, and building control.
North End Shipyard (NES)	• **Enhancement of scope – new two storey visitor** The original design concept for the new visitor centre was a single storey building. As requirements developed in connection with the buildings use as a visitor centre and learning facility, the need for expanded internal space was identified. The building subsequently became two storied, introducing classroom/learning space, enhanced visitor facilities including Changing Places, volunteer facilities and enlarged exhibition space. Later in the design stage, the desire for an enlarged shop and welcome area emerged, resulting in the reworking of some internal spaces. This will vastly improve the visitor experience for everyone. • **Contamination and ground conditions** The excavation of the derelict site required additional remediation and intervention. The issues could not be determined prior to works being undertaken. Additional surveys were needed to advise on the strength of the dock to hold the ship and to assess the integrity of the dock gates. • **Licenses** A licence from the Maritime Management Organisation (MMO) has been required in order to dredge silt from the area at the entrance to the North End Shipyard for the installation of the new dock gate and to allow sufficient space to manoeuvre the ship into the dry dock. This is a ‘capital dredge’, which is more significant than a

	‘maintenance dredge’ and is required specifically for docking the Arctic Corsair. This is due to the increased depth required to expose the sill of the dock gate (therefore going to a depth lower than it has previously been in the past 10 years), and also so that sufficient material is removed to ensure the stability of the exposed silt banks on either side of the dock gate, to prevent bank collapse during each tide. Gaining the MMO licence took over 18 months, requiring the ship to be temporarily berthed far longer than originally anticipated. Due to a change in the required dredge approach from the MMO, we now also require an additional licence from the Environment Agency to pump water from the North Dock back into the river course as part of compliance with the licence. The movement of the ship is also dependent on tides to allow appropriate water levels for the ship to move from its temporary berth to the North End Shipyard. The current programme of work has been revised from September 2024 to Summer 2026 to align the dredging and new dock gate installation with the appropriate tides to allow the ship to be moved. The delay to gaining the appropriate licences for dredging in the River Hull has led to increased berthing costs for the Arctic Corsair, with the ship currently stored at Dunston’s Shipyard in William Wright Dock. The restoration of the ship was completed almost two years ago but requires the above licences before the move to the North End Shipyard can be undertaken. • **Site restrictions** The NES site has restricted access and is a condensed site with a lot being delivered within a relatively small space, including: visitor centre, historic crane installation, landscaping works, dry dock works, dock gate works, docking of Arctic Corsair and associated gantry works. The restricted nature of the site has meant that delivering works packages concurrently has been very challenging. The work packages being delivered are also very specialist in nature, requiring expert contractors undertaking unique works.
Spurn Lightship	• **Restoration** During the restoration of the Spurn Lightship, a few structural and decorative metalwork elements were found to be in significantly worse condition than originally anticipated. Once abrasive cleaning and detailed inspections were undertaken, the extent of corrosion across handrails, fittings, and deck components required a revised conservation approach. This included both replacement and repair of heritage elements to meet structural and aesthetic standards. • **Improving accessibility** Following restoration, further design work was required to ensure step-free and compliant public access into and through the vessel. This included lowering door thresholds to create accessible

	entrances and adapting internal circulation. Temporary berthing costs were also incurred while final access works were prepared. • **The new berth on Hull Marina** It was originally anticipated that the vessel would be moored using existing mooring arrangements in Hull Marina. However, these were found to be unsuitable and could not take the required lateral load. Extra dredging was required and a full bathymetry survey in order to deliver this and to install a new pontoon in the marina. The licence to dredge had to be agreed with the MMO who sanctioned a change in methodology from plough dredging to a suction approach to lessen the impact of contaminated silt. £1.1m funding was received from National Highways Designated Funds to support the delivery of marine piles and gang plank connection. However, the additional surveys, professional fees, and delays in gaining an MMO licence for the works escalated costs. This meant that additional contributions from the project were required. • **Procurement of landscaping works** It took three attempts to receive a fully scoped and compliant tender for the landscaping works. These are now being delivered on site ready for the opening of the Spurn Lightship in Spring 2026. • **Delivery of landscaping works** Complexities to the weight capacity of a pedestrian footbridge on the site has meant that machinery and materials to complete the landscaping works need to be delivered by crane.