

Report to Council

**Agenda
Item:**

18(ii)

Meeting Date: 9th January 2018
Portfolio: Culture, Leisure and Heritage
Key Decision: Yes: Recorded in the Notice Ref:KD
Within Policy and Budget Framework YES
Public / Private Public

Title: TULLIE HOUSE BUSINESS PLAN 2018/19
Report of: DEPUTY CHIEF EXECUTIVE
Report Number: CS 07/18

Purpose / Summary:

Carlisle City Council is asked to consider the attached Executive Report (CS 40/17) and the appended Tullie House Business Plan and Roseangle Productivity Report (all of which were considered at the City Council's Executive Meeting on 18th December).

The purpose of this is to allow consideration of the Business Plan in order that the Council may agree core funding for the Trust. This is in line with Section 5 of the Partnership Agreement signed at the establishment of the Trust that the Business Plan submitted by the Trust to the City Council should be used as the basis for agreeing funding.

Recommendations:

Carlisle City Council are asked:

- (i) to consider the comments of both the Health and Wellbeing Scrutiny Panel (as detailed in the minute excerpt of their meeting on 23rd November 2017), and the comments and recommendations of Executive as (detailed in the minute excerpt of their meeting on 18th December 2017).
- (ii) Confirm the agreed levels of core funding for 2018/19 and 2019/20 (as per the current budget and medium term financial plan)
- (iii) Confirm a base reduction in core funding to the Tullie House Trust of up to £300,000 with effect from 2020/21.

Tracking

Executive:	18th December 2017
Scrutiny Panel:	23rd November 2017
Council:	9th January 2018

Report to Executive

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Title: TULLIE HOUSE BUSINESS PLAN 2018/19
Report of: DEPUTY CHIEF EXECUTIVE
Report Number: CS 40/17

Purpose / Summary:

This report introduces the Tullie House Museum and Art Gallery Trust (THT) 2018 - 2021 Business Plan.

The purpose of this report is to allow consideration of the Business Plan in order that the Council may in due course agree core funding for the Trust. This is in line with Section 5 of the Partnership Agreement between the Council and THT. This states that the Business Plan submitted by the Trust to the City Council should be used as the basis agreeing future years funding.

In addition to the THT Business Plan this report also presents a comprehensive, productivity study undertaken in early 2017. This study was undertaken following a joint appointment of specialist museum consultants Roseangle. This work was funded through a Local Government Association grant. The report outlines options to further develop the commercial approach of the THT and reduce their reliance on core funding from Carlisle City Council. A copy of the Roseangle report accompanies the Tullie House Business Plan here at Appendix 2.

Recommendations:

Executive are asked to consider the Tullie House Business Plan, alongside the Roseangle / Local Government Association Productivity Report and:

- Refer the Tullie House Business Plan and the Roseangle Report to Full Council for consideration
- Confirm the agreed levels of core funding for 2018/19 and 2019/20 (as per the current budget and medium term financial plan)
- Propose a base reduction in core funding to the Tullie House Trust of up to £300,000 with effect from 2020/21.

Tracking

Executive:	18th December 2017
Scrutiny Panel:	23rd November 2017
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1. BACKGROUND

- 1.1 The Council on 14th December 2010 approved the principle of establishing a new Charitable Trust to run the Tullie House Museum and Art Gallery. Tullie House Museum and Art Gallery transferred from Carlisle City Council to a new, independent, charitable company on 5th May 2011.
- 1.2 The partnership agreement between THT and Carlisle City Council states that the core funding for future years grant from the Council to the Trust is set following consideration of a business plan submitted annually by the end of October.
- 1.3 The Partnership Agreement states that core funding should be agreed for a three year period (covered by a Business Plan submitted annually).
- 1.4 This report presents the Tullie House Business Plan for the period 2018/19 through to 2020/21.
- 1.5 The Business Plan presents the THT current proposals and financial projections.
- 1.6 In late 2016 Carlisle City Council was successful in securing grant funding from the Local Government Association to fund expert consultancy support to review the sustainability and potential future funding of the Tullie House Museum.
- 1.7 Carlisle City Council and the THT jointly commissioned Roseangle to undertake this work.
- 1.8 Roseangle reported back to both Carlisle City Council and the Tullie House Trust in February 2017 with a range of proposals on how a more commercial approach at Tullie House could be developed, and consequently how core funding from Carlisle City Council might be reduced.
- 1.10 Since the production of the report Carlisle City Council and Tullie House Trust representatives have met on several occasions to discuss how the recommendations of the Roseangle report could be implemented and how this could help reduce reliance on core funding from Carlisle City Council.
- 1.11 These conversations are ongoing and it is therefore reasonably anticipated that further reductions in core funding could be achieved in the lifetime of this business plan.

2.0 CORE GRANT

- 2.1 The Core Grant referred to in the THT Business Plan (Page 13 Aim 1.) represents the financial support offered to the THT on annual basis to assist the Trust to operate. The Council has reduced this grant since the commencement of the THT in May 2011. The reduction of the grant has been in line with the saving requirements placed on other services within the authorities control. The table below demonstrates these reductions over time. To give the Trust certainty during this period the Council did agree to hold the core grant between the years 2013-15 and 2016-2020.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Core Grant (Base funding before inflation)	1,314,420	1,256,420	1,198,420	1,198,420	948,420	734,420	734,420	734,420	734,420

- 2.2 In the light of the recommendations in the Productivity Report and the THT Business Plan the Executive will now need to agree the level of grant for the 2020/21 budget year at its meeting 18th December 2017.
- 2.3 The Health and Wellbeing Scrutiny Panel considered both the THT Business Plan and the Productivity report at their meeting on the 23rd November. The minutes of that meeting accompany this report to Executive.

3. PROPOSALS

- 3.1 In light of the Tullie House's Business Plan and the Roseangle Productivity Report it is proposed that the agreed core funding levels for 2018/19 and 2019/20 are confirmed and that a reduction of £300,000 is made to core funding from 2020/21.

4. CONSULTATION

- 4.1 Carlisle City Council's Health and Wellbeing Panel's views on the proposed Business Plan are being sought ahead of consideration of the plan by Executive.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The recommendations allow this report, the associated Business Plan, and core funding to be approved in line with the Partnership agreement.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 “We will develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle.”

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

Governance – The agreement between the Council and Tullie House Museum & Arts Gallery Trust requires that, as part of the grant funding process, the Trust submit a business plan for approval which both parties must use their best endeavours to agree by no later than 31 December of each year.

Local Environment –

Resources – The MTFP assumes provision for the core funding of the Tullie House Trust in accordance with the Partnership and Funding agreement and includes reductions in core funding which have been previously agreed. In line with standard procedures, further work is required in respect of the inflation calculation for 2018/19 as well as clarification of any central support services required in future years.

**TULLIE
HOUSE**

**MUSEUM AND
ART GALLERY
CARLISLE**

Draft Business Plan

2018/19 to 2020/21

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Foreword

2018/19 sees the second year of stable funding from our two major funders – Carlisle City Council and Arts Council England (ACE). This financial solidity is allowing the Trust the opportunity to better plan and put greater emphasis on income generation. In the 2017/18 Business Plan we stated that we wanted to improve our spend-per-head and that over the next three years we would commit to developing income streams so that there will be much greater emphasis on developing earned revenue. At the time of writing paid admissions are up by 4% (although this jumps to an incredible 60% up since the introduction of the new Annual Ticket at the end of September), retail is up 11% and our spend-per-head is also up by 13%. We recognise that although this demonstrates progress growth is still relatively slow. To accelerate both earned and contributed income the Trust has, over the past 10 months, invested in a range of new initiatives:

- Introduced a new annual ticket which simplifies our offer and allows us to better develop audiences and cross promote
- Linked to the above, we have invested in our CRM system to ensure that we can capture and use visitor data to drive repeat visits
- Improved the marketing and promotion offer, as evidenced in the Percy Kelly exhibition, and
- Improved the retail offer, also evidenced by the Percy Kelly exhibition

Other initiatives are in train and will continue to be developed, such as:

- Appointing an Events & Hospitality Manager to drive commercial bookings and events
- Appointing a Fundraising Coordinator to support the good work being done in attracting and developing sponsors as well as focusing on the investment potential from individuals, trusts and foundations
- Refreshing our Memberships proposition
- Working with a local solicitor to create a new legacy offer
- Seeking funding to aid capacity-building

In October 2016, we appointed Catering Academy as our new catering partner. Following 25 years of working with Elmor the transition has not been easy but the Trust is working hand-in-hand with Catering Academy to focus on consistency of service and food delivery. Plans to refurbish the restaurant are still being developed but we have taken the decision to delay this so as not to dilute the focus of getting the right offer to suit our audiences whilst maintaining bottom line profitability.

The focus on income generation is running in parallel with the creation of Masterplan to redevelop the whole Tullie House site. The focus on this ambitious capital scheme is also tied into our twin priorities of income generation and community engagement/development, with Phase 1 majoring on the acquisition and development of adjacent property referred to as 6-24

Castle Street. Architects and business planners have been appointed and a Resilient Heritage grant application has been submitted to the Heritage Lottery Fund (HLF). The project is being managed by the Trust via a Steering Group that includes senior representation from Carlisle City Council.

The Trust is pleased to report that it was successful in leading the Cumbria Museum Consortium's (CMC) bid to apply for National Portfolio Organisation (NPO) funding from ACE. A 'conditional offer' has been received and is now subject to approval based on receipt of this business plan and that of the other consortium partners. Securing this investment (which runs to March 2022) is vital to both Tullie House and Carlisle's status as major cultural venues.

The Trust is conscious that it needs to increase visitor numbers and associated income and is making significant cultural changes to respond to this challenge during a period of austerity and political uncertainty. One of the key drivers to growth in any museum is its public programme and the Tullie House offer has always been highly regarded, popular and diverse. However, as with the rest of the museum it too must develop to reflect the new priorities and the social and political changes that so influence publicly funded cultural organisations today. The exhibitions programme, because of the need to plan complex exhibitions over several years, takes time to develop. Several of the exhibitions delivered in 2017 were conceived in 2015 and so change is inevitably more gradual. 2017 saw Trust collaborate on the hugely ambitious Hadrian's Cavalry exhibition and unique Turma! event; both were a great success with the former drawing higher than usual adult and overseas audiences whilst the latter saw over 3,500 people descend on the city's Bitts Park for a Roman themed weekend extravaganza.

Autumn's Percy Kelly Retrospective has been four years in the making and at the time of writing is exceeding expectations in attracting local and national audiences. This will be followed in early 2018 with the much-anticipated exhibition on China featuring artefacts from our partner museum in Xuzhou that have never before been seen in the West.

Our engagement programme continues to encourage people to learn, participate and be inspired by the museum's collections. Over 12,000 school pupils, almost 1,000 vulnerable adults and young people and over 8,000 families actively participated in museum activity during 2017. The Trust also works with those people who may experience barriers to accessing the collections through challenging personal situations. For less engaged adults, many of whom are living with physical or learning disabilities, we run regular programmes of activity. For example, we run a monthly session at the museum for people living with dementia and their relatives, where participants handle objects and make new friends. We also run sessions for adults struggling with mental health issues, who create art inspired by collection as part of their therapy. We have partnerships with local organisations who run services for adults dealing with addiction issues, homeless people and offenders in rehabilitation. We use our collections to start conversations and challenging discussions, in a safe environment, and help create a sense of pride in Carlisle for the people who live here.

Finally, we thank all of our partners, visitors, staff, trustees, volunteers, members, supporters and donors for helping to make Tullie House such an inspiring and successful museum. We still face a difficult economic climate, but we continue to find ways to provide an exciting programme, and to preserve our cultural heritage for future generations.

1.0 Executive Summary

Tullie House Museum Trust's mission is to deliver an outstanding, inclusive and resilient museum that is a major cultural destination for the north, which uses its collections to produce a world class public programme targeted at visitors and the people of Carlisle and which engages a broad spectrum of audiences. Having been founded over 120 years Tullie House is well established, much loved and highly respected.

Inspired by the richness and diversity of its collections, the city of Carlisle, the county of Cumbria and rooted in engagement and co-curation, the Trust will deliver an ambitious programme that is relevant and beneficial to local communities and attracts visitors into the area. The Trust will work with a wide range of local, national and international partners to generate fresh perspectives on our collections, exploring diverse themes in exhibitions, displays and events.

Building on existing strong community relationships, The Trust will ensure that everyone living in and visiting Carlisle has the opportunity to engage with our collections, either by visiting or through innovative digital projects. Imaginative, high-quality programmes designed to increase engagement by less engaged audiences will be prioritised alongside excellent cultural learning opportunities for children and young people.

Recognising the opportunities, and challenges, presented by being more entrepreneurial the Trust has set a clear direction to deliver a more robust and sustainability future. The Trust is also weaving this entrepreneurial approach into developing and delivering an ambitious capital development plan which will increase the museum's footprint whilst focusing on long term sustainability. Fundamental to this is the Trust's approach to collaborative working, which will be optimised to maximise economies of scale and shared learning.

Mindful of the challenging economic climate the Trust will use all of its resources to focus on deliver the ambition set out in this Business Plan and it will also draw on the shared talents and skills of the combined Cumbria Museum Consortium workforce to ensure that all staff and volunteers are given inspiring opportunities to develop.

2.0 Introduction

2.1 Context

Tullie House Museum and Art Gallery Trust operates and manages Tullie House Museum and Art Gallery in Castle Street, Carlisle, which is our main place of business, and the Guildhall, a 14th century Grade I listed building in Greenmarket Street. Additionally, the Trust occupies

industrial premises for off-site collections storage, and in 2014 access to the adjacent Herbert Atkinson House in Abbey Street was provided by Carlisle City Council. This building is now used to house the Cumbria Biological Data Centre and some of the Trust's support services. All these premises are leased by the Trust from Carlisle City Council, as are the collections. The Trust manages the buildings and collections on behalf of the City Council.

Tullie House was opened by Carlisle City Council as a museum in 1893. In the 1990s there were significant developments to the Castle Street premises involving new gallery spaces, a restaurant, a shop, education facilities and storage. In 2001, a further gallery, the Millennium gallery, and a rotunda that overlooks Carlisle Castle and the site of a historic Roman settlement, were opened. In 2011 the Millennium Gallery was reopened as our new Roman Frontier Gallery, which tells the story of the occupation of Carlisle and the border country under the Roman Empire and places this in a contemporary context.

In 2011 Carlisle City Council transferred the management of Tullie House to a new charitable trust, at which time the employment contracts of Tullie House staff were transferred from the City Council to the Trust. The City Council continues to provide core funding to the Trust in the form of annual grants, which are based on a rolling three-year business plan prepared by the Trust. A series of 30-year legal agreements commencing in 2011 underpins key aspects of the operational and contractual relationship between the Trust and the City Council.

The Trust also generates income through entry charges to the museum and art gallery, through retail outlets at the museum and the Guildhall, through catering and corporate hospitality activities at Tullie House, via grants for education projects, collections, conservation and exhibitions, and through chargeable events.

The Trust was incorporated on 17 March 2011. It became a registered charity on 3 August 2011 (charity registration number 1143235). The charity's object is: "to advance the education of the public, including an understanding and appreciation of the arts, sciences and history". The charity has a subsidiary trading company, Tullie House Museum and Art Gallery Trust (Trading) Limited, a private limited company that was incorporated on 19 July 2011 (company registration number 07710513).

2.2 The Collections

The collections cover three main areas: Art, Human History and Natural Sciences.

The **Fine Art** collections comprise some 4,600 objects, mainly paintings and works on paper. The museum has benefited from several important bequests, which includes a group of Pre-Raphaelite works which include pieces of national significance.

There are around 2,000 pieces in the **Decorative Arts** collections, of which 800 are English porcelain. This significant collection, built up around the turn of the 20th century, is the largest collection of English Georgian porcelain figures in the north of England.

The **Archaeology** collections offer a comprehensive survey of material representing Cumbria from the Mesolithic period to around 1700. The collections comprise some 20,000 items, in addition to which there are about 80,000 objects from recent excavations in the city. An outstanding strength of the Tullie House Archaeology collections is the material from excavations at the western section of Hadrian's Wall, a UNESCO World Heritage Site since 1987 and the most significant Roman monument in Great Britain. The finds include inscribed and sculpted stones and an important group of organic items, which rarely survive. The scope and quality of these collections justify Carlisle's claim to be the most important centre for Roman material in the North West.

The **Social History** collections have a strong focus on material representing the life of Carlisle and north Cumbria. There are 12,720 objects and 8,000 associated images. The collections have material broadly representing working and domestic life from the 19th to 20th centuries and, as such, is a resource of great importance to understanding the history of Carlisle and its people.

The **costume and textiles** collection is of significance. Much of the textile material relates to production in Carlisle in the 18th /19th centuries, when the city was an important textile centre for spinning, weaving and printing. The collections of Cumbrian rag rugs and quilts reflects a key local tradition. There is a strong collection of women's dress which provides an overview of fashion evolution, including an extensive collection of wedding dresses, evening dresses and examples of fancy dress.

The collecting of **natural history** has been central to Tullie House since it was set up as a public museum in the 1890s: it established what may be the first ever local biological records centre in 1902. The natural history collections were the inspiration of the Rev. H.A. Macpherson who gave his own large collection and persuaded others to do likewise. Today the Natural Science collections comprise an estimated 250,000 objects encompassing Botany, Geology and Zoology, all with an emphasis on material from Cumbria and the Lake District.

The Museum also houses the **Cumbria Biological Data Centre** which has received and collated natural history records since 1902 when the Natural History Records Bureau was formed. This makes it the oldest Local (wildlife/biological) Record Centre in the country. Data from the records has been used to understand the wildlife in Cumbria, educate the public, support research and shape UK conservation policy. The Centre now holds over two million records.

2.3 Partnership and Engagement Activity

Along with our partners Wordsworth Trust and Lakeland Arts Trust, Tullie House forms the Cumbria Museum Consortium, one of 23 Major Partner Museums who receive funding from Arts Council England. We also have partnerships with some of the most prestigious museums in the country, including the British Museum, as well as international partners like the Imperial Decree Museum in Xuzhou, China. The Trust is also proud to be a partner of the University of Cumbria and the collaborative work we are doing on creating a cultural strategy for Carlisle, supporting teacher training, arts development and delivering training and research in the field of zoology.

The Trust uses the collections to encourage people to learn, participate and be inspired by the arts and culture. It does this via a series of targeted programmes – for example the museum engaged with over 12,000 school pupils, almost 1,000 vulnerable adults and young people and over 8,000 families in 2017. The Trust's Learning & Engagement Team has won awards for its service, including the prestigious *Kids in Museums Family Friendly Award*, sponsored by the Telegraph Newspaper. Kids in Museums are a national charity dedicated to making museums accessible for families, and the award is one of the most sought after in the UK as it is awarded through a combination of public votes and the recommendations of a panel of experts. The Trust is committed to providing accessible spaces for all ages, and actively seeks out opportunities to work with the challenging but rewarding age group of teenagers. This programme is also award-winning – our Community & Young People Coordinator received the Golden Apple Award for Youth for her outstanding work with young people in Cumbria. As well as working with young people who are already interested in the museum and history through our museum Youth Panel, we work with those who may experience barriers to accessing Tullie House through challenging personal situations, including young carers and young people at risk of offending. We also run programmes for less engaged adults, many of whom are living with physical or learning disabilities. For example, we run a monthly session at the museum for people living with dementia and their relatives, where participants handle objects and make new friends. We also run sessions for adults struggling with mental health issues, who create art inspired by the collection as part of their therapy. We have partnerships with local organisations who run services for adults dealing with addiction issues, homeless people and offenders in rehabilitation. We use our collections to start conversations and challenging discussions, in a safe environment, and help create a sense of pride in Carlisle for the people who live here.

3.0 Vision, mission and values

Vision: Tullie House Trust will be a thriving, resilient organisation that delivers ambitious cultural programmes inspired by the richness and diversity of our collections, that are relevant and beneficial to local communities and visitors alike.

Mission: To deliver an outstanding, inclusive and resilient museum that is a major cultural destination for the north, and which uses its collections to produce a world class public

programme targeted at visitors and the people of Carlisle and engages a broad spectrum of audiences.

Values: At the beginning of 2016 we introduced the Tullie House Manifesto and this forms the basis of all our work and, in particular, the two strategic priorities. Community engagement is at the very heart of the Manifesto and we will work hard to ensure that our community influences what we do and how we do it. We will communicate better, involve more people and open up new opportunities for people to be inspired by the collections we hold.

Our other priority area – financial sustainability – is also underpinned by the Manifesto. Greater engagement will increase visitor numbers and therefore admission income and secondary spend. However, we have also been testing the market – asking our users what they want – and, providing we can secure the required funding, some of their responses will be implemented over the next three years. For example: a permanent Explorer’s Gallery for children, greater opportunities to handle collections, more and different collections on display and improved visitor facilities.

We recognise the need to improve performance, gather data and respond to visitor needs; these are all strands within the Manifesto but the challenge is to weave community engagement and financial resilience together so that we can develop our role, connect better with our audiences and deliver inspiring and popular programmes.

4.0 External environment

4.1 Context

Whilst recognising that we operate in a general climate of political and economic uncertainty, Tullie House Trust has identified some specific challenges and opportunities to strengthen its resilience in response to those challenges. We have used the PESTLE (Political, Economic, Sociological, Technological, Legal, Environmental) framework to help identify key issues.

4.2 Reduction in local authority resources

The Trust recognises the need to plan for the future on the basis of reduced funding from Carlisle City Council, the museum’s principal funder. As a consequence, the Trust is developing a fundraising strategy which embraces many of the recommendations made in the jointly commissioned Bryant Productivity Report (2017). The Trust now has a much greater focus on income generation as evidenced by the appointment of a number of new staff with a strong commercial focus, and the establishment of a Development Committee to challenge the executive team to increase earned and contributed income. That said the Trust is also working collaboratively with Carlisle City Council on a number of initiatives, including a major capital development (see section 6.5)

4.3 Impact of Brexit

A thriving tourism economy is key to the resilience of the CMC, and industry analysts predict more international visitors and domestic staycations as a result of a weak pound. This presents an opportunity that the Trust will seize by continuing to develop our programme and invest in tourism partnerships.

4.4 Recruitment and retention of staff

This is a particular challenge for Tullie House, especially with senior professional positions, as the Trust is unable to offer competitive sector appropriate salaries. To respond to this the Trust will be focusing its recruitment on the benefits of living in Cumbria and looking at whether it is possible to provide other incentives.

4.5 Competition for people's leisure time, including from other visitor attractions

The Trust, with Carlisle City Council, is planning improvements to its site and physical infrastructure to remain competitive. Additionally, new programmes of activity associated with the capital scheme will help retain existing and create new audiences.

4.6 Climate and weather

The winter of 2015 demonstrated that Cumbria and Carlisle in particular, faces significant environmental, weather-related challenges. Bad weather and flooding affect the transport infrastructure (as it did in 2015 and 2009), limiting access to our sites for staff and visitors. The Trust recognises the need to maintain continuity of access to museums and collections through expanded digital programmes and content.

4.7 Geography, topography and demographics

Cumbria's geography is characterised by an upland interior, limited transport routes, remote rural communities and a coastal urban fringe. This presents challenges in terms of reaching audiences, providing sector leadership and the operation of the museum. Carlisle has a population of around 70,000 (100,000 if the wider City Council boundary is considered), which has increased by just over 6% during the past 10 years. This rate of growth is slightly behind the national average which saw an increase of 7.3% over the decade. Within the overall population growth in Carlisle, however, there are variations and whilst the last decade has seen growth in the working age and over 65 populations in line with national trends, the city has also experienced a decline in the number of 0-15 year olds, down by 2.6%. Carlisle's inward migration is lower than elsewhere in the UK, with the 2011 Census showing that under 5% of Carlisle residents are born overseas compared to 13.4% for England & Wales. Carlisle also has a lower proportion of its population in every ethnic group apart from British white than the average for England and Wales (in the 2011 Census, 5.0% of Carlisle residents were non-British white compared to 19.5% nationally).

Workplace figures on occupations reflect Carlisle's manufacturing heritage with skilled trades and process workers representing a higher proportion of the workforce than England & Wales

and other comparator areas. Plant, process and machinery occupations represent almost 12% compared to 7.2% for the UK, while 14% of residents are employed in skilled trades compared to 11.5% in England & Wales. The proportion of employees involved in management or senior positions combined with the proportion of people involved in professional occupations however is relatively low (21.4% compared with a UK average of 29.2%). The gap widens further if associate professional staff are included (30.7% Carlisle against 40.9% for E&W). Clearly this presents some challenges when considering residents' salaries, disposable income and spending power. The relative lack of opportunities in senior management and professional roles may also be an issue in attracting new businesses and in persuading professional people to move into the area, particularly if employment for their spouse may also be an issue.

Healthy, vibrant, economically successful cities have a large percentage of professionals, creative practitioners and senior managers and these diverse and/or high earning people require, along with good housing, a vibrant retail scene and excellent transport links, and a lively cultural and leisure offer. Research from both the Cultural Learning Alliance and Creative Industries Federation illustrates the positive impact of the arts for young people too, particularly those who come from economically or socially deprived backgrounds. Furthermore, the fact that even the head of the Confederation of British Industry recently made the case for the arts underlines its importance not only for wellbeing, but for business, which today thrives on artistic and adventurous creativity (Hackett, J, The Guardian, 2017).

Clearly for Carlisle to thrive and prosper as a regionally important and economically successful city the cultural offer needs to be strong, diverse and exciting. Tullie House Trust is working hard with civic, educational and cultural partners to raise the City's cultural offer by developing a consortium approach to tackling this challenge.

4.8 Environmental Sustainability

The Trust is committed to reducing the carbon footprint of our museum. It is managing this process via an Environmental Action Plan which has already resulted in the installation of energy efficient boilers and low energy LED lighting. The planned major capital developments present excellent opportunities for environmental efficiencies and will be built in to all plans. The Trust is also working with Museum Development North West (MDNW) to continue our carbon literacy training, learning from the best practice of others. The Trust will set carbon reduction targets and continue to seek energy-efficiency opportunities as part of its maintenance and renewals programme.

4.9 IT systems

A CMC digital strategy review in 2015 stressed the need to upgrade equipment and upskill staff. Consequently, significant work has been undertaken, including the procurement of a new IT provider, new hardware, the establishment of a museum-wide digital team and a significant staff training programme. This development will be ongoing with the commencement of a new CMC-wide digital strategy being commissioned in Autumn 2017. The Trust see investing in

digital technology as an important mechanism for increasing engagement and overcoming barriers of isolation, remote location and the complex topography of the county.

With investment, and as a CMC, the Trust has identified the huge potential of digital to:

- Make more effective use of creative media to share our work, particularly with those who are currently less engaged or face barriers, including isolation
- Investing in technology such as Skype Business to improve partnership working, particularly to increase efficiency and increase knowledge exchange (reducing staff travel to meetings will also have environmental benefits)

As part of our capital development, we will further invest in equipment and infrastructure to help increase income and footfall, for example by developing online ticketing and more responsive websites, and by improving our catering and creating new mixed-use facilities that can be hired by third parties.

4.10 Legal and Regulatory

The General Data Protection Regulation (GDPR) is a regulation by which the European Union intends to strengthen and unify data protection for all individuals within the EU. It also addresses the export of personal data outside the EU. The GDPR aims primarily to give control back to citizens and residents over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU. When the GDPR takes effect, it will replace the data protection directive of 1995. The GDPR will come into effect in May 2018. Concerns for the museum sector are focused on, but not limited to: the collection, storage and sharing of data for marketing, fundraising, archiving and records keeping, and the necessity of obtaining consent from an individual for the processing of their data. The museums sector has lobbied government to ask that museums be considered 'hybrid public bodies' in UK legislation (a similar status sought by the University sector) whereby they perform a public task but also carry out a number of functions which can be deemed private. The hybrid status would enable museums to rely on two mechanisms through which they can process personal data: 'public task' and 'legitimate interest'.

The Trust is in discussion with Carlisle City Council regarding the lease over Herbert Atkinson House, which the Trust has occupied since 2014 under Licence. Allied to this are the ongoing negotiations with the City Council over the possible acquisition of 6-24 Castle Street (see section 6.5)

Following the potentially damaging effect of the business rates revaluation which took place in April 2017, the museums sector received some welcome news after the Upper Tribunal (Lands Chamber) ruled in their favour in a test case relating to how properties are valued for rating purposes. York Museum and Gallery Trust was successful in its long-running battle with the Valuation Office Agency (VOA) in which it claimed the properties should be valued on a net

income basis for business rates purposes rather than rebuild costs. Almost 50 per cent of all museums across England and Wales are valued by the VOA using what is commonly known as the 'contractor's method', resulting in high business rate liabilities. Because of the court's decision, museums will now be valued based on net income achieved by the individual museums/galleries, resulting in a rateable value in keeping with this. The Trust has commissioned commercial property consultants to review the business rating process for Tullie House and its associated properties.

5.0 Aims

Context

Over the next three years (from April 2018 to March 2021) the Trust will have two aims – **financial stability** and **community engagement**. Helping us to achieve these aims are eight strategic objectives.

Aim 1: Financial Sustainability

The CMC has secured NPO status from ACE for the period 2018 to 2022 and has also received a firm indication from Carlisle City Council that no further reductions in the core grant are planned for the duration of the Council's Medium Term Financial Plan. However, the Trust is mindful that due to continuing austerity measures local government stability is unlikely to continue, so in anticipation of this the Trust is planning to increase income from both earned and contributed sources by over £250k over the next three years.

- Objective 1: Develop an organisational focus on generating greater earned income (including catering, retail and admissions)
- Objective 2: Improve management information so that we can better manage performance
- Objective 3: Secure funding to initiate a programme of capital developments designed to generate a significant increase in earned income
- Objective 4: Actively increase income from trusts, foundations, individuals and corporates

Aim 2: Community Engagement

The Trust sees developing its engagement programme as key to developing audiences – extending its reach and diversifying and growing the number of people interacting with the collections are core purposes that will also help make the organisation more sustainable.

- Objective 5: Focus on developing greater engagement with the Carlisle community
- Objective 6: Continue to work with hard-to-reach groups within Carlisle and the surrounding area
- Objective 7: Strengthening our Hadrian's Wall offer
- Objective 8: Develop international audiences from China or with communities interested in Chinese culture

Within these eight objectives is a schedule of specific actions and priorities (see Action Plan as Appendix 1). The Action Plan includes the ACE CMC commitments, some of which are shared across the consortium.

6.0 Resourcing

6.1 Context

Tullie House Trust will invest in the development of resources to support the delivery of these aims and objectives (see Action Plan as Appendix 1). However, the Trust will also use its resources to:

- Continue to drive the culture change which is making the organisation more entrepreneurial and maximising opportunities to grow earned and contributed income, therefore delivering a more balanced funding mix
- Set and actively work towards an annual efficiency target
- Invest any annual surplus into improving the core offer and further the twin organisational aims (see section 5.0 above). From 2017 to 2019 this will include:
 - Investing capital into conserving and displaying the largest single artefact in the museum collection – the great Fin Whale found on Drigg beach in 2015
 - Appointing new staff with a particular focus on commercial and contributed income generation (see Foreword)
 - Investing capital into the catering offer
 - Investing in the development of a Masterplan (see section 6.5)
- (as part of CMC) the Trust will focus on effecting cultural changes leading to excellent, more diverse programming. Each CMC member is changing organisational structures (see section 6.2) and procedures and investing to develop inspirational leaders and talent, extending best practice and sharing skills (see Goal 4). Senior staff are increasingly contributing to national debate through involvement in cultural bodies and attending conferences, and we have made a commitment to involve front of house staff more with collections, learning and community engagement
- (as part of the CMC) recognise that delivering ‘great art for everyone’ means working harder to ensure diversity moves into the mainstream cultural programme. This will also require an organisational shift in culture, which will be driven by a new cross-departmental Creative Case for Diversity Action Group

As part of CMC and by 2020, the Trust will have embedded a culture that embraces diversity among all its staff, volunteers, and trustees, and visitors and participants. This will be achieved by embracing the Creative Case for Diversity through:

- Conducting regular reviews of our Equality & Diversity Policies and Action Plans with staff and Trustee “diversity champions”, and maintain diversity as a regular agenda item at Board and senior management meetings
- Create a diverse programme that will attract and reach out to a more diverse audience (see ACE NPO Creative Case, Goals 2 and 5)

- Continue to work with, and learn from, diversity partners: Making Spaces, NACRO, Cumbria Youth Services, MENCAP, Alzheimer's Society
- Introduce a programme of CMC-wide equality and diversity training, supported by partners such as Prism Arts

6.2 Organisational Structure

In response to the reduction in core funding, Tullie House completed a staffing restructure in May 2016 that resulted in a reduction of several posts. This action, coupled with a successful summer programme, efficiency savings and the subsequent emphasis on income generation, not only mitigated the drop in funding but also resulted in a small surplus. In August 2017 Tullie House further revised the structure to ensure even greater weighting on earned and contributed income by appointing several new staff with a focus on income generation.

The Trust will review the staffing structure annually to ensure that it is fit-for-purpose, sustainable and contributing to organisational aims. A more comprehensive review will inevitably need to be considered as part of the proposed capital development project.

6.3 Human resources, staff training and development

As part of CMC, Tullie House has committed to develop a common appraisal process which will, among other things, identify individual development needs. This will inform a programme of talent development and upskilling which will also be informed by nationally-identified priorities. A significant development within the CMC programme will be a focus on creative media and use of digital/IT.

With regard to creative media, CMC is working with Creative Concern to analyse all current digital work and develop a Digital Policy and Plan (a draft of these is available as Appendix 2a and 2b) which identifies staff training needs.

Tullie House continues to support and encourage staff to undertake the Museum Association's AMA as a way of developing a greater appreciation and understanding of the sector and broaden individual knowledge and skills which are then used in the workplace.

At the time of writing the Trust is in the process of producing a People/Communications Strategy with a focus on improving communication within the organisation but also addressing how key messages are conveyed to the public and external stakeholders.

As part of a review of recruitment, the Trust will explore how it can better promote the benefits of living in Cumbria and see whether other incentives can be used to attract and retain talent (see 4.0 above). This review will also extend to induction to ensure that once recruited new employees are made aware of strategic and operational priorities as well as receiving a grounding in partnership working and familiarisation with policies and procedures.

6.4 Volunteer Development

Volunteer development is a key priority for CMC. At present, there are 51 volunteers at Tullie House and, as part of CMC, the Trust is committed to increasing these numbers and to broadening the range of volunteering opportunities as a way of boosting resilience and diversity. By 2020 CMC will have increased volunteer numbers at our sites by 20%. Nationally, all three Trusts will sign up to Volunteer Makers, and will continue to subscribe to the successful Pink Pass scheme. Current and forthcoming capital developments provide excellent opportunities for increased volunteer engagement.

6.5 Capital Development

Tullie House's Masterplan will build on the previously unsuccessful 2014 HLF application, but will be strengthened and broken down into a series of smaller independent projects to assist with capacity and make fundraising more achievable. This phased approach is being structured to ensure that community engagement and financial sustainability are balanced and deliver benefits incrementally (for example an increase in income and visitor numbers) before moving to the next stage. It is proposed that Phase 1 will focus on 6-24 Castle Street to enhance the Museum's high street presence. Subsequent phases will consider creating new exhibition galleries, repurposing historic parts of the existing real estate for public benefit and creating new community, family and learning spaces. The masterplan is being developed with the full support and involvement of Carlisle City Council.

6.6 Environmental sustainability will be a key focus for capital redevelopment:

The Trust has installed new energy efficient boilers and low energy lights and will be exploring the installation of photovoltaic roofing panels in 2018. Environmental sustainability will be a key component in the new capital programme and the Trust will aim to recruit architects and designers who specialise in enhancing the existing built heritage so that high-energy interventions are minimised (e.g. less electric lighting, air conditioning), for example opening up top-lit roof spaces to allow light in and air to circulate whilst reinstating the original Victorian design. The Trust has two green champions who will be trained in reducing the museum's carbon footprint, whilst we work with CMC colleagues to explore ways to minimise travel.

6.7 Developing Governance

Each of the CMC partners has taken active steps in recent years to strengthen its governance through the open recruitment of Trustees with a broad skill set. Regular skills audits and open recruitment will continue to ensure that, by 2022, the boards of CMC museums fully reflect the Creative Case for Diversity (CCD), improving the balance of gender, ethnicity and local community representation. We will also extend a trustee self-assessment system across the CMC and ensure that there is increased direct contact between the Chairs of the partners organisations.

Tullie House is currently conducting a wholesale review of its Board with a view to responding to the CCD by the end of 2018.

6.8 Systems Development

As part of CMC Tullie House plans a number of improvements to systems in order to achieve strategic aims. This includes strengthening data collection across all sites, standardising methods and categories of collection and centralising systems for storage and analysis, through increased use of cloud-based systems such as Google Drive.

CMC will also be investing in technology such as Skype Business to operate more efficiently, improve knowledge exchange and reduce staff travel.

7.0 Finance

7.1 Core Funding

We have calculated the year 1 Council funding as follows:

16/17 Baseline	834,504
Funding for IT	61,500
CPI Inflation estimate	20,900
	916,904

Proposed budget and narrative for 2018/19 to 2020/21 can be seen below:

Proposed budget 2018/19-2020/21

	Note	Baseline Budget 000s	Draft budget 000s		
		2017/18	2018/19	2019/20	2020/21
Income					
CCC Grant (before any inflation adjustments)	1	910	910	910	860
Arts Council England - MPM / NPO (TH & CMC)	2	449	399	399	399
Other grants, sponsorship, donations	3	124	154	196	226
Admissions Income (Incl Gift Aid & Memberships)	4	108	121	134	144
Commercial Income (Trading company)	5	144	150	165	170
Other earned income (lessons, interest etc)	6	149	129	135	140
CCC Central Services	7	14	14	14	14
CBDC Income	8	88	96	75	70
Total Income		1,986	1,973	2,028	2,023
Expenditure					
Staff Costs	9	838	919	945	960
Utilities		149	152	154	156
Exhibition & Project Costs	10	362	292	250	250
Operational Expenditure	11	480	472	470	460
CBDC Costs	12	106	108	81	81
Total Expenditure		1,934	1,942	1,900	1,907
Total Profit / (Loss)		52	31	129	117
CBDC Profit / (Loss)		- 17	- 12	- 6	- 11
TH Profit / (Loss)		69	42	135	128

Investment Plans:					
Investments to be charged against Revenue:					
Drigsby Whale		38			
New Frontiers Masterplan	13	30	20	100	100
Gallery refresh	14		20	20	20
Other					
Investments that may be capitalised:					
Café Refurbishment		50			
Gallery cases / interactives	15		15	15	15
Other					
Profit / (Loss) after investments		- 66	- 9	9	- 3
Reserves					
Unrestricted plus designated at start of year		415	374	396	431
Profit / (Loss) for year		- 41	22	35	28
Unrestricted plus designated at end of year		374	396	431	458
Restricted at start of year		133	125	105	85
Net spent during year		- 8	- 20	- 20	- 20
Restricted at end of year		125	105	85	65
CBDC at start of year		123	106	94	88
Net Profit / (loss) for year		- 17	- 12	- 6	- 11
CBDC at end of year		106	94	88	77
Staffing					
Numbers at start of year	16	40	41	44	43
Numbers at end of year	17	41	44	43	43
Gallery visitor numbers targeted (000's)		50	55	60	65

Proposed Budget 2018/19 – 2020/21 Narrative

1. Does not include annual inflation and includes a £50k core reduction in 20/21
2. Reduction in 2018/19 onward due to agreeing to a different funding distribution with CMC members
3. Increase predicted due to a focus on contributed income
4. Increase based on 65k visits target in 20/21
5. Includes retail, catering and commercial lettings and events
6. 17/18 includes CMC charges at £62.5k which reduce to £38k in 18/19 onwards
7. H&S and buildings maintenance
8. 18/19 assumes £15k from proposed HLF project
9. Includes new staff, £30k pension increases in 18/19 and then further increase in 19/20
10. Reduction from baseline due to fewer partnership exhibitions
11. Decreasing year on year as a consequence of delivering efficiency savings
12. This includes the loss of one post in 19/20 if income doesn't improve
13. 19/20 and 20/21 shows contribution to future phases of the masterplan
14. 18/19 onwards shows some revenue investment in permanent galleries
15. 18/19 onwards shows some capital investment in permanent galleries

16. Includes externally funded Chinese language teacher (ends 2019) but not freelance Company Secretary
17. Does not include new Projects Administrator or vacant Fundraising Coordinator

The IT and CPI elements are estimated as they are still to be agreed. We have assumed that the central services provided by the City Council (Health & Safety and Buildings Maintenance) will remain at a constant level.

7.2 Generated Income

We are forecasting a 20% increase in our generated income over the 3-year period 2018 – 2021. This is an ambitious but achievable target focussing on our admissions income and the trading company activity. The new admissions pricing structure which was introduced in September 2017 is designed to encourage more visitors to buy a ticket in the first place, and to encourage more repeat visits which in turn should have a positive impact on the secondary spend (shop, restaurant, etc). The appointment of the Events and Hospitality Manager will drive commercial room hires and events and should in turn increase income to the restaurant and footfall to the Museum.

7.3 Contributed Income: Unrestricted Grants / Sponsorship / Donations

Following the success of the CMC's bid for NPO funding, the Trust has a confirmed £323k per annum from ACE for the next four years. This, together with the appointment of a Fundraising Coordinator to support donations, sponsorship and applications to trusts and foundations means we are forecasting growth of 20% in our contributed income, over the 3-year period 2018-2021.

7.4 Restricted Income & Expenditure

As lead partner for the CMC, Tullie House also administers the consortium funding for of the NPO grant which are projects that run in partnership with Lakeland Arts and Wordsworth Trust. As agreed with the partners, the funding for consortium projects has reduced in the new round of funding, with more resources going directly to each partner. Again, this funding is guaranteed for the next 4 years.

We are anticipating a grant of £85k from HLF to support the development of the New Frontiers Masterplan. We are also anticipating £32k in 18/19 and in 19/20 from the Hedley Trust to fund a trainee Curator. In addition, we are aiming to attract £7.5k in corporate sponsorship towards the China exhibition.

7.5 Expenditure

The anticipated increase in income over the next 3 years will allow for investment back into the Museum, including funds to further develop the Masterplan and to undertake a programme of changing and improving displays throughout the galleries. There would also be the opportunity for new 'blockbuster' exhibitions when the programme allows and opportunities arise. All the

aforementioned investments are crucial for attracting both new and repeat visits to the Museum - a crucial factor in our sustainability.

Staff costs are expected to increase due to additional pension contributions (as per the new legal minimum levels set by the government) in both 18/19 and 19/20. Annual efficiencies savings will be made across all areas of expenditure, with Managers tasked with identifying recurring savings within their budgets. The Trust will also look to make further efficiencies with its energy consumption, but a small increase in budget has been included as we have conservatively estimated that cost increases may outweigh these savings.

DRAFT

CARLISLE CITY COUNCIL
LGA PRODUCTIVITY EXPERT PROGRAMME
TULLIE HOUSE MUSEUM & ART GALLERY

Report



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Report

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I. AIMS

Brief

The principal purpose of this review is to provide an objective assessment of opportunities, constraints and options that will assist Carlisle City Council (the Council) and Tullie House Museum & Art Gallery Trust (the Trust) determine what shape a sustainable future for the Museum might take.

The assignment has been commissioned by the Council which as client, consulted the Trust regarding the scope and content of the brief. The work has been instructed under the terms of the Local Government Association's Productivity Expert Programme.

Deliverables

Assessments of ;

- ▶ Current funding levels and sustainable future funding options in the context of declining public funds and ongoing austerity measures
- ▶ Further or potential commercial / revenue generating opportunities
- ▶ Opportunities and assets and the best use of these to reduce future reliance on revenue grant - including capital investment, capitalisation of grant, transfer of property assets, closer partnerships with other sectorial stakeholders etc
- ▶ Clear recommendations on the future funding relationship and specifically on sustainable future funding levels (for both parties) and the approach to managing the implementation of these

Anticipated Outcomes

- ▶ A reduced reliance on core grant funding
- ▶ Direct, or leveraged, capital investment to increase visitor numbers and commercial revenue streams
- ▶ Improved and co-ordinated use of key properties within Carlisle's historic quarter contributing to the wider economic regeneration of the area
- ▶ Revenue savings for Carlisle City Council of up to £805k per annum

To the above outcomes which are specified in the brief, we add a fifth;

- ▶ Governance matters and the relationship between the Council and the Trust

Local Government Association

This work has been supported by the Local Government Association which encourages such reviews to support the Local Authority involved and to make key learning points more widely available through its Productivity Expert Library. This is particularly relevant given the number of Local Authorities that in recent years have transferred management of their museums, and in some cases whole leisure and cultural services, to new special purpose charitable trading entities.

2. VISION

Carlisle City Council

The Council's vision is;

To improve the health, wellbeing and economic prosperity of the people of Carlisle. We will work in partnership to further establish our position as the regional centre and focus for investment, ensuring that residents can share in the benefits through increased opportunities and greater choice of jobs, range of housing and a quality environment.

The Council is changing, dynamically, to meet the financial challenges of the future by making the necessary savings and developing new incomes. Its vision is underpinned by five principles;

- ▶ We will be a clear, committed and confident Council
- ▶ The principles have been developed by our staff and councillors to guide how we will deliver our vision for Carlisle
- ▶ By setting out our vision, we show that we understand the needs of Carlisle residents, businesses and visitors. Our plans to respond to these needs are clear and straightforward. We know what is expected of us and do our best to create clarity in how we work
- ▶ We are committed to achieving our vision for Carlisle. We will ensure that our day to day work and resources are consistent with the priorities
- ▶ We will continue to work effectively with partners to drive positive change for Carlisle and will celebrate our successes and achievements. As part of our ongoing work to develop all our communities we will engage young people and make sure the Carlisle Plan helps to deliver their aspiration for Carlisle

From its vision, the Council has established five priorities for the current planning period. These are to;

- ▶ Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle
- ▶ Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents
- ▶ Continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle
- ▶ Address current and future housing needs to protect and improve residents' quality of life
- ▶ Promote Carlisle regionally, nationally and internationally as a place with much to offer - full of opportunities and potential

The Council is committed to measuring progress against its plans through a new framework of performance monitoring including risks and opportunities.

Tullie House Museum & Art Gallery Trust

The Trust's vision is that;

Tullie House will be one of the leading and most influential cultural institutions in Cumbria, providing a vibrant and proactive centre for heritage and the arts in Carlisle. It will directly serve the people of the city and their visitors; play a leading part in the cultural, social and economic life of the North of England and become a leading institution nationally with a growing reputation in its specialist fields.

The vision is based on six pillars of ambition;

- ▶ **Summary**
We will create a museum fit for the 21st century; a museum that has something to say about Carlisle, Cumbria and the world in which we live; a museum that unleashes creativity and invites co-creation; a museum which is collections based, curatorially informed and audience focused; a museum with a human face providing a third space anchoring community life
- ▶ **Innovation**
We will examine, explore and challenge assumptions, conventions and disciplinary borders. We will scrutinise and contest what a museum is and how it is run by creating an interdisciplinary, free-thinking hybrid museum
- ▶ **Creative use of space**
We will re-think museum spaces and buildings to create compelling, immersive experiences which speak out to and invite in our active participants; we will engage the senses, trigger the imagination and stimulate creativity, delivering social, intellectual and emotional audience outcomes
- ▶ **Learning**
We will create open learning environments, invite people to co-create, share ideas, knowledge, art and experiences with specialists and other active participants by encouraging and facilitating creativity, research, involvement and user generated content. We will animate the school curricula. We will examine the past, debate the present and help shape the future
- ▶ **Collaboration**
We will bridge the global and the local by acting as an inclusive real and virtual community hub for locals and visitors. We will use Carlisle, Cumbria and our collections as our axis to invite participation. We will seek local, national and global collaborations with institutions and individuals who want to think about everything differently
- ▶ **Accountability**
We will create a vibrant, dynamic, hybrid organisation that is fuelled by passion and creativity. We will measure our success and have a self-critical attitude. We will set high professional and personal standards, creating a workplace which reflects our manifesto. And we will keep on creating tomorrow's museum with our active participants

3. GOVERNANCE

New frameworks of delivery

From the 1980's onwards the success of new types of independent museum operating through special purpose incorporated charitable organisations, encouraged many local authorities to review the way in which non statutory functions, such as museums, are delivered.

The advantages generally advocated for the incorporated charity vehicle include;

- ▶ The ability to raise funds from a wider range of sources than are normally available to local authorities
- ▶ Single focus and clarity of purpose. As part of large leisure service departments, for example, many good local authority museums found themselves disadvantaged and too low down the organisation's agenda
- ▶ An incorporated charity may be able to operate more commercially than a local authority and establish subsidiary trading companies more easily than a public body is able to do. The commercial advantage applies to both income and cost. Customers generally view admission and other charges made by a charity more favourably than those levied by a public authority which is already funded by the tax payer. On the cost side, it is likely that a trading charity's terms & conditions of employment will be less generous than those customarily found in the public sector
- ▶ Some benefits in respect of business rates and recoverable VAT

Prior to 2011 and for over one hundred years, the Council and its forebears managed and developed Tullie House Museum & Art Gallery as a non statutory service, directly run through a department of the local authority.

In 2002 the Council established an Industrial & Provident Company, Carlisle Leisure Limited for the purpose of more commercial and arm's length management of the City's sport and leisure facilities. At that time a conscious decision was taken not to include Tullie House Museum & Art Gallery in the assets to be leased to and operated by Carlisle Leisure.

With a view to future investment in improved facilities Carlisle Leisure subsequently merged with the successful not for profit leisure operator Greenwich Leisure Limited (GLL) which has a strong balance sheet and now trades under the *Better* banner.

GLL is an exempt charity and a registered society under the Co-operative and Community Benefit Act 2014. It was established in 1993 with a portfolio of seven leisure centres. It now manages over 200 facilities throughout the UK, has a turnover in excess of £175m and is very successful at what it does. During 2016 it added facilities in Eden, Copeland and the South Lakes, to those it already manages in Carlisle and Allerdale.

Terms of the Council's contract with GLL provide for a current annual operating subsidiary of about the same size as the present grant to the Trust i.e. around £800k per year. Contract renewal negotiations with GLL are to focus on elimination of the operating grant in its entirety.

In 2015 The Old Fire Station opened as an additional arts venue in Carlisle. This has been developed by the Council which took the strategic decision to increase the number of cultural venues in the City and decided to directly manage and fund operation of the new facility.

Charitable company

In 2009/10 the Council resolved to establish an independent charitable entity for the specific purpose of the future management of Tullie House Museum & Art Gallery. A shadow board was recruited and memorandum & articles of association for a company limited by guarantee set out. The company was registered in March 2011. Charity registration was secured in August 2011.

The eleven charity Trustees and Directors of the company include two Elected Members of the Council and the senior member of staff employed as Museum Director and having executive responsibility for day to day management. Each year one third of Director / Trustees are required to retire by rotation. They are eligible for reappointment by the Board.

Largely, the current Board of Director / Trustees is that group of people recruited in 2010/11 and there has been no significant change in board composition since that date. The Council and the Trust have done well to secure the ongoing commitment of highly experienced individuals across a number of relevant areas e.g. museology, media, tourism, higher education, the nuclear industry, audit, corporate life and small arts businesses.

The Leader of the Council annually appoints two Elected Member representatives as Director / Trustees. Currently these are the Deputy Leader of the Council and the Leader of the Opposition. The Leader of the Council also attends board meetings as an observer. They are in a good place to represent the voice of the majority of Carlisle residents but we suspect they may feel constrained in doing so too openly lest that be construed as pushing the Council's view too strongly within what is an independent charitable body.

Composition of the Board will evolve over time, a point that the Chair made at the Trust's away day discussions in September 2016. Our view is that future emphasis could usefully be given to recruiting Board Members with i) commercial experience that is relevant to the day to day business of the museum ii) property experience gained within a commercial environment iii) a finger on the pulse of ready local demand for content, programmes and activity.

The Trust channels non charitable trading activities through a wholly owned subsidiary company and currently recognises receipts to the Trust in the subsidiary's operational expenditure rather than as a tax effective profit distribution.

All five Directors of the trading company are also Directors of the principal charitable company. It is not uncommon for museum trading subsidiaries to appoint some Directors that are not Director / Trustees of the parent charity. In the right circumstances that can be good way to bring in commercial experience that may not otherwise be available to the museum.

Legal framework

Three principal agreements govern the relationship between the Council and the Trust;

- ▶ Operations & Funding Agreement, May 2011

This sets out the overall intention for the thirty year period to March 2041. It obliges the Council to make some annual funding available, to lease the premises, to loan the collection and to provide some support services. It obliges the Trust to exhibit & maintain the collection, promote educational programmes and events, maintain museum accreditation and uphold past funding agreements. As far as financials are concerned it obliges the Trust to seek sponsorship and donations but does not set targets or establish headline objectives for future ratios of earned income to core funding. This is done periodically within a rolling three years business planning process. Core funding from the Council is construed as business income to the Trust

and is paid gross i.e. including VAT. The agreement includes provisions for termination prior to March 2041

▶ Lease of Museum Premises, March 2013

Covers all of the current premises other than Herbert Atkinson House, for which a supplementary lease is currently in preparation, and Shaddon Mill the store which has very recently been vacated. The period is thirty years to March 2041 at a peppercorn and insurance rent. Major repair of structures remains the responsibility of the Council and day to day maintenance is the Trust's responsibility as tenant. Built in are obligations to open to the public for specified periods with seasonal variations. Specified use classes are D1 (non residential institution) with related A1 (retail) & A3 (cafe/restaurant). The lease is specifically excluded from provisions of the Landlord & Tenant Act 1954. Sub leases may not be created but approved licenses or franchises may be. Explicit termination provisions appear not to be included

▶ Collections / Loan Agreement, May 2011

Obliges the Trust to care for and maintain the collections which remain in the ownership of the Council and appear on its balance sheet as a tangible asset. The loan continues until such time as the Operations & Funding Agreement ends i.e. March 2041, unless otherwise previously terminated. It grants an intellectual property licence to exploit value from the collections and obliges the Trust to follow principles of best practise in care and security of the historic material. The Trust is entitled to acquire new material and dispose of items that are no longer relevant in accordance with an approved Acquisition & Disposal Policy

4. EXPECTATIONS

The working relationship between the Council and the Trust is the key factor that will determine the long term success, or otherwise, of the Council's strategic decision to outsource its Museum to an independent body.

We believe that like for like, well motivated and customer / visitor oriented independent museums will always have an advantage over directly controlled local authority equivalents. However, we do see significant differences between independent museums that establish themselves in response to gaps in public sector provision, and those which have been specifically established by a public authority to maintain levels of provision in financially challenged times.

There is an energy and focus around embryonic struggle which can itself be a route to success for self starter museum trusts. That is somewhat different to a situation in which an authority transfers its museum service, warts and all (every museum has them) to a new entity along with an initial level of operating subsidy, which in Carlisle's case was substantial.

Put simply, motivations are not the same.

We believe the Trust has been extremely well motivated to respond to the task it thought it was taking on i.e. to run the best possible museum it could supported by a sizeable grant of £1.3m a year. If it has been less well motivated to manage the grant down to £800k by resolving longstanding staffing and other painful issues, that is understandable.

During the course of our consultations we have formed a view that suggests the Council feels somewhat disappointed that the Trust has not done more to replace revenue grant with net earned income. Also that the Museum focusses more on esoteric content than local interest. It sees that as one reason why commercial performance has not improved markedly under independent management.

Similarly we have gained an impression that suggests the Trust may feel the Council has reneged on the spirit, if not the letter, of the original Operating & Funding Agreement. It is disappointed that so much of its non executive volunteer time, energy and effort has been absorbed in managing reductions in core funding, including many consequent redundancies, and in dealing with ongoing collections storage issues. The Trust may feel that it was left to sort out senior executive weaknesses and an overly large payroll, both of which had been in the Council's power to resolve prior to the 2011 transfer date.

We think it helpful to be frank about these points because understanding what lies between the recent past and drivers to improve the museum's future performance lies at the heart of the matter.

We see that a difficult period is now in the past. We see fresh optimism evidenced by the strong start which the new Museum Director has made and the real possibility of a phased, Heritage Lottery Fund supported development incorporating properties in Castle Street that could give the museum a commercial street frontage for the first time.

5. REVENUE

Earned income, admissions

The key metric and performance indicator for all charged admission museums is the number of customers or visits. It is this figure upon which comparative performance can be assessed, budgets set and the commercial performance of retail and catering judged.

Tullie House is not quite clear how many visits it currently gets and what the potential future volume may be. This is not a new situation, it dates back to the time of direct management by the Council and focus on maximising a publishable number which quantified, in a general sense, the extent of public use of a Council facility. Unfortunately the physical layout of the museum's multiple entrances and the location of the ticketing desk compound the difficulty of recording visits accurately.

Very large numbers are quoted for the annual volume of visits. The Trust's statutory accounts for year to March 2016 reports 230k visits against a target of 250k and a volume of 277k achieved in the previous year. These figures remain guides to the extent of public use of the foyer which includes some visits to the museum, other types of customer using the cafe, shop or both, and a percentage of people wandering in and out because they are curious or to use the toilets. They are derived from a standard Visitrack recording system calibrated for local configuration. Many 'free' museums use this system including national institutions and it is a useful tool, particularly for comparative purposes year to year. It is not however a wholly dependable metric for assessing business performance and planning sales income. We fully understand that it is this 'public use' number that has been generally used in reports to the Council and Arts Council England etc, and the reasons why it might continue to be used alongside customer data that has the benefit of more reliable audit.

Determining the actual volume of visits into the museum has been difficult because the museum's legacy systems were not installed with a view to managing a business in a structured or disciplined way. Estimates have been as low as 40k visits a year. If that is correct and given admissions income in the year to March 2016 of £84,618 (net of VAT) it represents a low average admission receipt of £2.12 per visit. If more recent estimates of 50k visits a year is correct then the average receipt is worse at £1.69.

In our view, the absence of a clear, business like approach to the whole area of customer volume and admissions is the biggest single factor contributing to poor financial performance. We are somewhat surprised that the Trust did not take immediate steps to significantly improve the systems it inherited from the Council and establish some discipline in this crucial area. We appreciate however that the then senior management team may have had neither the know how, nor possibly, the will to implement this.

With a new Museum Director now in place and supported by a more commercially astute executive team the Trust is now seeking to resolve this as a matter of urgency. We think that short term benefits can be achieved by improving the current ticketing systems, providing clear direction to front of house staff and reviewing entitlements to free, heavily discounted admission arrangements for the Tullie Card. Longer term, we think that a reconfigured entrance and ticketing arrangement as part of a site wide development programme would reap huge benefits, particularly if this could be achieved off a Castle Street frontage.

The Trust's report and accounts to March 2016 also references . . . *the introduction of new pricing policies in June 2014 and its inevitable contribution to decline of visitors and overall paid admissions being down by 5%.* We think it wrong to jump to 'inevitable' conclusions around admission charges and this view is supported by the recently published *Successfully Setting Admissions Policy & Pricing* researched and authored (quite co-incidentally), by Carlisle based DC Research for the respected Association of Independent Museums.

The overall aim of that research was to understand the experience of museums that have moved from free admission to charging or vice-versa. The report, which is appended to this document, examines the impact of admission charges on visitor numbers, diversity, income (including secondary spend & donations), visitor satisfaction and reputation / relationships. At a headline level the report's conclusions are that;

- ▶ There is no direct link between the diversity of audience and whether a museum charges admission or not
- ▶ Donations are more influenced by a range of other factors than by admission charges
- ▶ There is no consistent relationship between levels of secondary spend and whether a museum charges admission or not. Other factors have much more influence. There is some evidence that visitors to charged admission museums are more likely to have used the shop and on site catering than visitors to free museums
- ▶ Dwell times are typically longer for museums that charge for admission
- ▶ The process of charging creates a focus for visitor welcome and captures information about visitors
- ▶ In making any changes to admission status, it is especially important to communicate clearly with stakeholders and the local community about the reasons for the change, and to ensure that staff are positive and confident in explaining them to visitors

As to what the potential admissions income to the museum might be, this is difficult to assess without the benefit of detailed market research which is beyond the scope of this assignment. Our feeling is that the current offer, which is variable, but very good in parts, should be capable of attracting 65k visits a year with good marketing and appealing temporary shows. Assuming a reduced headline adult admission price of £6.50 rather than £9.90, (this seems high given the location and day to day offer), a 60% net margin to allow for VAT and discounts / concessions etc, suggests a net income of £254k per annum compared with £85k in the last financial year.

York Museum Trust (YMT) reflects a similar position to the Trust's albeit in a more vibrant tourist market. Its operating subsidy from York City Council has in recent years been reduced by £900k and further reductions to £300k are expected over the next few years. YMT offers three visitor experiences - York Castle (291k visits), Yorkshire Museum (99k visits) and York St Mary (28k visits). Net admissions income for year to March 2015 was £1.928m which represents an average net receipt per visit of £4.61.

In Carlisle a target of £254k net admission income for the Trust assuming 65k 'real' visits represents average net receipt per visit of £3.90. We believe this to be in the right ball park for future planning within the constraints of the current museum offer and configuration.

If Tullie House were to develop its offer, become specifically famous for something and introduce paid admission family play then we believe that annual visits could exceed 100k and that the headline adult admission price could be £10 or more.

The Trust is rightly taking good advantage of gift aid on both admissions and structured donations. Gift aid income in year to March 2016 was £8,740.

Earned income, retail

Retail income during the year to March 2016 was £51k (net of VAT). The cost of goods sold was £28k representing a margin of 45%. We would expect operating retail margin to be in the range 45% to 50%. The Trust makes a percentage charge of salaries to the trading subsidiary based on time allocations across a number of staff. It also allocates utility costs based on the areas of museum space allocated to commercial trading. We would expect net retail contribution at current levels of business to be around £5k but understand that staff and other allocated overheads were such as to result in a negative contribution of around (£14k). Clearly that poor performance was during a year in which significant staffing cuts were made and new executive management put in place.

If footfall to the museum foyer area was 230k in the year £51k turnover represents sales per person of 0.22p which is a poor conversion rate. Although there are some items of good merchandise on sale the retail offer as a whole is not hugely attractive.

We would estimate that an improved retail offer should be targeting c £200k turnover per annum. We know that improvements are in hand.

If it proves feasible to reconfigure Tullie House with an entrance on Castle Street and relocate the shop within or adjacent to that new entrance then we can be much more positive about the future contribution that retail has to play in the forward business plan.

Earned income, catering

Food & beverage income to the Trust in year to March 2016 was almost £83k. The operation is run by a third party and the Trust has no involvement in payroll or the cost of foodstuffs sold in the cafe. However the Trust has been obliged to service catering equipment, to meet the cost of cleaning and to pay for all utilities in the areas occupied by the franchisee. We understand that contribution in the year was about £40k which, if accurate, is very good but not sustainable because the franchisee will have been losing money.

Following a tendering exercise a new caterer commenced trading at the museum from the beginning of October 2016 on a three year turnover deal which sees the Trust benefit from 16.6% of turnover though still with some cleaning and servicing obligations. Gross income to the museum is expected to be £54k, £59k & £65k in successive years of the contract. We expect that contribution will be of the order of £15k, £20k & £25k.

The new caterer is to invest £20k in the cafe offer over the period of the arrangement and the museum is planning to exhibit some Carlisle Life material in the cafe area. Our view is that the Trust's decision to outsource catering rather than manage an in house operation is the correct one.

Earned income, events

Tullie House has rooms available to let for meetings, events and weddings etc. Gross hire income in the year to March 2016 was £23k from which £10k should be deducted for direct costs incurred. Given that a member of staff is currently engaged virtually full time on taking bookings and servicing the events it is clearly a loss making activity at the present time. Marketing, organising and servicing such events fits better with the skills sets and experience of professional caterers and we advocate that the role of the newly procured caterer be extended in that direction.

We are moderately bullish about future prospects for net hire income, particularly if as expected, a UK wide retailer establishes its headquarters in Castle Street and if the Trust's future development plans include refurbished meeting, conferencing and event facilities that have character, are well equipped and managed flexibly in the interests of building long term business to business relationships.

Earned income, other

An income line of 'other fees & charges' sums to £53k in year to March 2016. We understand this to include sessions delivered to schools, school user group membership scheme, workshop, talks, adult learning courses and sales of the Tullie Card. We think it would be helpful to bring all admission related income including Tullie Card and other membership schemes that provide discounted admission into one place in the management accounts. This would have the advantage of a single annual admission income figure to set against the recorded volume of visits from which net income per visit is readily assessed.

Educational sessions and courses may be another useful line in the management accounts. We understand that a number of types of workshop sessions are provide free. This is likely to change and it could be very useful to monitor the volume of 'workshop' customers and income against them as well as 'visit' customers and corresponding admissions income.

Monday Alternative film nights are a great idea but only rarely are more than half of the 100 seats taken. They realised a gross profit of £2k on turnover of £8k year to March 2016 representing at best a breakeven activity after marketing, staffing and security costs are taken into account. Specialist cinema experiences are high value and a growing market which may be better exploitable by the Trust following investment in improved facilities.

CBDC is the Cumbria Biodiversity Data Centre which is a distinct operating unit within the museum but is under the management of the Trust. The Trust receives an annual fee of c £11k for hosting the facility which earns around £48k in fees annually but makes an operating loss of (£33k). This loss to the Trust is made up through the Council core funding arrangement.

Core funding & grants

The Council's core funding to the Trust takes the form of a fee for services provided. This arrangement supports the Trust's VAT position and emphasises the business relationship set out in the Operating & Funding Agreement of 2011. The fee received in year to March 2016 was £1.133m. The budget figure for year to March 2017 is £835k. Given that CBDC services makes an operating loss of around £33k this represents an effective fee of circa £800k to museum operating costs.

As things currently stand the Trust is planning for the same fee in 2017/18 and 2018/19 and the Council confirms that it has no current intention to reduce that further.

The Trust also has a current revenue grant funding relationship with Arts Council England (ACE) from which it received a management fee of £61k in 2015/16. Similar sums are scheduled over the next two financial years.

The purpose of this grant is to contribute to Trust overheads incurred in connection with the Tullie House lead role in Cumbria Museums Consortium which is supported by ACE through its Renaissance Major Grants Programme.

The Cumbria Museums Consortium has been successful in securing a second round of three year grant funding amounting to £3.2m from April 2015 to March 2018. For the Trust this provided a restricted incoming grant of £450k during year to March 2016 with corresponding expenditure of £450k. There is, we understand, no current certainty around ACE supported programmes for Tullie House continuing beyond March 2018.

Expenditure

The Trust's revenue expenditure in 2015 / 2016 was c £2.1m. Planned expenditure to March 2017 includes £459k of ACE funded Cumbria Museums Consortium outputs, £216k of which are ACE funded payroll items. ACE payroll funding supports the employment a range of staff. We understand that a restructuring exercise would be required in the event that ACE funding were not to be renewed beyond 2018.

If we strip out the ACE grant and expenditure, we are left with core museum operating costs of about £1m a year. We have few comments to make about these other than that for the physical size of the Museum and its collections we can find no particular areas in which costs could be significantly further reduced without quite serious impact on what the museum is able to do.

Payroll is understandably a substantial item of expenditure. It may be possible for the community and volunteers to play a bigger role than they currently do - in day to day operations for example. It is easier to motivate volunteers to help the museum do more, rather than stand still, but there is nevertheless potential in this area, particularly if such volunteers are actively engaged in longer term plans for improvement.

There may be future opportunities to share some resources with another organisation that has spare capacity or faces similar challenges to the Trust. Candidates organisations may be other museums in the Cumbria Museum Consortium, or in Carlisle, an organisation that has similar characteristics in terms of trading charity and governance. It would be relatively easy to set planning targets for future reductions in operating costs that might be achievable in this way but much less easy to achieve them as and when planned to do so. The reality is that such opportunities will arise when they arise rather than when they are predicted, and as a consequence we don't consider it prudent to factor them too firmly into financial planning.

It will be more advantageous for the Trust to focus on increasing net earned income and to take the benefit of sharing costs if and when the chance presents itself. In reality it is likely that most opportunity will be on the content side - jointly planned exhibitions with other museums for example, or through collaboration with the University of Cumbria's Institute of the Arts.

Many staff are on legacy terms and conditions of employment from their former status as public sector employees. Their arrangements, including pension entitlements, may be adjustable over time but that cannot be certain and while that could prove to have a positive impact on costs overall it is unlikely to be significant in the near future. Apart from the cost factor, we are confident that the Trust wishes to be a respected employer that rewards its staff team on a responsible and proper basis. The question of terms and conditions of future staff appointments has to be considered however and the conclusions built into forward business planning.

A simple ratio which tells its own tale and further emphasises the urgent need to have a clear grasp of the key metrics for visit number and other forms of use of the museum asset, is the cost per user. Taking 2015/16, expenditure of £2.1m and assuming that the number of visits was 40k that represents a cost per visit of £53 or £42 if the visit number was 50k. This is a very high compared with York Museum Trust operating cost per visit of £17.

6. SUSTAINABILITY & FORWARD OPTIONS

Current & sustainable levels of future funding

From our review of recent financial results and our understanding of the type of improvements the new museum team can readily attain we believe that it should be possible to achieve net operating improvements of around £235k per annum. We base this on the assumption that net income / contribution can be improved as follows;

- ▶ Admissions income by £170k
- ▶ Retail contribution by £30k
- ▶ Event contribution by £15k
- ▶ Sponsorship by £10k
- ▶ Donations by £10k

It is important to be clear that these are proposed improvements to net income i.e. contribution to the fixed costs of running the museum. That means each improved income line has to be achieved without any corresponding increase in cost other than the cost of goods sold where applicable - retail purchases for example.

We believe it is within the capacity of the current team to effect these improvements relatively quickly and that they could fully impact by the end of financial year 2017/18. Some modest investment may be required in terms of systems, reception configuration, retail presentation and marketing but no major expense of a significant capital nature should be needed.

We also think it important that the Council sticks to its commitment to retain the current level of core funding through to financial year 2018/19. The reason for this would be both to maintain the positive motivation of the new executive team and to challenge it with seed corn funding to plan ambitiously for the future development of the museum.

Working up project proposals to put to Heritage Lottery Fund for example will incur some professional fees as will preparation and management of any scheme to take advantage of street frontage offered by the Council's properties in Castle Street.

Looking further ahead and again assuming no capital improvements of a significant nature we believe that on a steady state basis the Council may be able to reduce its core funding by £200k per annum.

We don't advocate this at the present time because we believe the Trust and Council should invest in working up a significant project to improve the museum offer and prospects for future viability. We know, for example, that the Council's collections are poorly housed and inadequately invested in - a situation which has recently worsened with the forced move from Shaddon Mill. Care of the collections which are a Council asset, will never provide a financial return. We take the view that they are important to the Council and that it will want to avoid disposals on any significant scale.

If collections storage and management issues could be largely resolved through a one off investment by Heritage Lottery Fund that would represent a major achievement leading to a more readily sustainable forward plan.

Given the scale of the museum, its collections, its complex of buildings and its location in a community of 100k people we think it highly unlikely that the Council's core funding could reduce below £500k without a very radical reduction in scale of what the museum does, where it does it

and what it holds in terms of collections. We don't believe this is something the Council wants and neither do we think it is something the Trust would countenance or wish to be involved in. In our opinion that would require the Council to trigger an event which terminates the Operations & Funding agreements with the assets reverting to the Council long before the scheduled date of March 2041.

However, and at that level of forward funding we do see that Carlisle could have a much improved Museum & Art Gallery which attracts and engages more people, stands more on its own feet and makes a stronger contribution to the City, its economy and quality of life. We set out on page 20, a likely forward planning scenario following investment in a comprehensive development of Tullie House.

Future funding options

In year to March 2016, the Council spent a net £6.9m on Cultural & Related Services. This comprised £891k on theatres & public entertainment; £1.13m on museums & arts; £2.45m on sports & community recreation; £0.9m on tourism & TIC; £1.6m on parks & open spaces. At 15% of the annual commitment to Culture, we can see just how important Tullie House is to the Council.

There are of course options for the ways in which the Council might continue to support Tullie House and the Trust at say, a future annual commitment of £500k. It could;

- ▶ Continue to budget that sum within its annual revenue plan
- ▶ Make a one off capital sum available to the Trust with the intention that suitably invested it could deliver a sum of £500k per annum (capital & interest) to 2041 i.e. the period of the Operation & Funding Agreement
- ▶ Transfer other assets from which the Trust could derive an income for the period of the Operations & Funding Agreement

Of these we believe that continuing to fund the Trust from its annual budget is the best option for the Council. It has the benefit of simplicity and is certainly the most appropriate one at the present time during a period of transition, focus on increased net earned income and, potentially, working up the forward masterplan and a Heritage Lottery Fund bid.

We see few immediate benefits to the Trust or the Council in trying to agree exactly what a one off capital sum that returns say £500k capital and interest would be in today's highly risky post Brexit investment markets. And we see that the Trust has more pressing things to do than run an investment pool of money or pay a fund manager to do that.

The brief asks for consideration of other forms of asset transfer and we note the Council has on its balance sheet a significant portfolio of commercial, residential and community property valued in March 2016 at £123m (£93m investment portfolio, £30m operational). For a relatively small authority and population this is a significantly sized portfolio and the Council is to be commended for building this over time.

We do not think that transfer of either freehold or leasehold investment properties to the Trust represents a realistic option for the Council to replace annual core funding. Freehold would be inappropriate given that the Trust's current Operating & Funding Agreement concludes in 2041. Transfer of leasehold property that is rented and income producing would only incur unwarranted legal and management costs. Transfer of leasehold property that is not rented but has a potential development upside would be of no immediate cash benefit to the Trust and its development value would be severely limited by the short length of lease which the Council could offer.

Apart from anything else, managing non heritage / museum related property for income or a development receipt is not something that lies naturally with the current experience and skills set of the Trust and neither necessarily should it. It would be a distraction and represents too much risk for volunteer Directors to take on.

The one Council asset that would be beneficial to the Trust and to the future of the museum is 6-24 Castle Street, a row of connected properties including listed and unlisted buildings, currently leased to the University of Cumbria.

March 2016 valuations from the Council's asset register show that;

- ▶ Tullie House Museum & Art Gallery is valued at £2.39m including £2.25m buildings and £0.14m land. It is classified as operational and not therefore expected to deliver a financial return on asset value
- ▶ 6-24 Castle Street is classed as an investment property valued at £360k which as currently rented to the University of Cumbria represents a yield of 11%
- ▶ Herbert Atkinson House, together with 13 Abbey Street, is currently valued at £160k. It is classed as an investment property though is currently occupied by the Cumbria Biodiversity Centre and some other museum office functions at peppercorn rent

7. DEVELOPMENT POTENTIAL

Master Plan & Heritage Lottery Fund

The Trust's 20:20 Vision and 2014 outline options for rationalising museum spaces and developing the Tullie House complex, had much to commend it. It was put to Heritage Lottery Fund in November 2014 as a £18.5m scheme comprising £0.72m development phase preparatory work and a £17.78m delivery phase with major grant requests of £0.47m and £12m at HLF application rounds one and two respectively.

In what proved to be a very competitive HLF round, the 2014 application was not successful. Co-incidentally we submitted a £9m grant application for a £30m London project in the same round and that too was unsuccessful. A subsequent 2015 application for the re-presented project was successful however and that is now almost half way through its preparatory development phase.

Irrespective of Heritage Lottery Fund grant, Tullie House needs a well thought through and informed long term plan which takes account of its future local and tourist markets, the needs of its collection, its role in Carlisle City Centre's conservation area and a forward sustainable business plan.

Developing a robust master plan is a process of research, consultation and collaboration. It can also establish some early principles around phasing and with appropriate procurement processes, establish a team whose appointments comply with the conditions of HLF grants.

Key benefits of the 2014 options prepared by Buttress architects were;

- ▶ Visibility for the Museum with a new entrance, ticketing & shop on Castle Street
- ▶ A significantly improved street frontage location for the museum cafe
- ▶ Creation of a clear circulation route through the Museum
- ▶ Creation of an on site Treasure House store for the reserve collections with public access potential
- ▶ Release of the current bird store, a magnificent but hidden gem, for public use - exhibitions, events or both
- ▶ Improving efficiency by bringing the staff team together and working in one place

We are certain that these improvements would significantly enhance the museum and through the HLF project process resolve many legacy issues, including creating commercial opportunities and resolving collections challenges faced by the current management.

We also believe that with a sound preparatory approach, a second HLF application would have a much stronger chance of success than that put forward in 2014. We say this for two reasons;

- ▶ Firstly we believe that with a strong masterplan in place, phasing options could reduce the level of grant sought for a phase 1 and pave the way for phases 2 and if appropriate 3 over a period of time
- ▶ Secondly we believe the museum to be under stronger management now than it was in 2014. This adds significantly to the credibility of major grant applications to HLF

Castle Street

Separate to consultations and preparation of this report for the Council, we have undertaken an initial assessment of properties at 6-24 Castle Street and the Council's offer of these to the Trust.

Our report concludes that the buildings represent a significant opportunity to create a much improved and more self sufficient museum than is currently possible given the difficult configuration of spaces which has grown incrementally over many years and results today in commercial operating constraints.

We were invited to present our headline conclusions to the Trust at its September 2016 Awayday workshop. The response clearly recognised the potential but was understandably measured given the Trust's limited ability to take on additional operational costs at the present time.

Subsequent to that discussion we finalised our draft report and recommendations which are currently with the Trust for comment. We understand from the Museum Director that the Trust recognises the transformational potential of the Castle Street opportunity and is considering how best to approach the project.

In our view, there is no need for the Trust to take on 6-24 Castle Street immediately. Although presently unoccupied, the properties are currently leased to the University of Cumbria until April 2018 and rent of £40k per annum is due to the Council to that date. The University of Cumbria will also be due to meet dilapidation obligations though it is not yet clear what these will be.

We feel that 6-24 Castle Street should be factored into the Tullie House master plan which can be developed and funding applied for while the Council continues to receive rental income. We also think there will be deals to be done with the University of Cumbria in respect of dilapidations given the prospect of grant support from Heritage Lottery Fund.

In broad terms we have suggested the Trust should think about 6-24 Castle Street as three sets of opportunity

- ▶ The Gate Tower, which is grade I listed. There is little one can, or would want to do to change or adapt this interesting and historic building in any radical way. Our view is that it could convert to three or more units of guest accommodation. The Landmark Trust has shown how successful character accommodation in historic buildings can be. Located opposite the (intended) headquarters of a UK wide retail business should mean clear demand for weekday accommodation. The same accommodation would support a future Tullie House wedding venue offer at weekends and the leisure tourist market during vacation periods
- ▶ The former City Hall is not listed and subject to approvals, could be largely demolished in favour of a new and highly visible entrance to the Tullie House complex. The museum's retail offer would have street frontage on the route from City Centre to the Castle which is itself shortly to be improved by the addition of a pedestrian crossing
- ▶ The former houses 6-18 Castle Street are listed grade II. Their interiors are largely altered but the frontages remain an important feature of the conservation area. At ground floor level the spaces lend themselves well to cafe use and particularly so one that tells a Carlisle story. The upper floors provide office space which can usefully accommodate all museum and CBDC requirements. Subject to detailed planning we believe there should be surplus office space that can be let for income or utilised for trainee placements and collaborative project work - with students from the Institute of the Arts for example

Our conclusion is that it will be in the best interests of the museum for the Trust to add at least 6-20 Castle Street into the buildings and areas it leases from the Council and that it should be on a peppercorn basis at a suitable point after April 2018 when University of Cumbria's lease expires.

Subject to the results of a master planning process we believe it will be possible for the Trust to vacate Herbert Atkinson House on Abbey Street and for this to revert to the Council for

commercial letting purposes though boundary adjustments may be required to accommodate some likely elements of the masterplan such as a 'treasures store'.

We are not yet sufficiently clear as to whether the Trust will want to take on 22-24 Castle Street i.e. the Gate Tower. It may not consider that our suggested use as guest accommodation lies sufficient close to its core activities and purpose.

Subject to survey and detailed costing of an approved scheme of conversion however, we believe that Gate House accommodation could deliver a net income and an appropriate return on investment. This is something the Council could invest in directly of course or it could find an appropriate party to do so. The business which we understand is to locate its headquarters in Castle Street might itself be interested in taking on The Gate Tower for staff accommodation.

Future planning scenario

The table below compares year to March 2016, excluding redundancy and depreciation, with what we believe future stable years could look like both before an HLF supported development and after.

Assumptions	Financial Statements March 2016	Stable Year Before Development	Stable Year After Development
Visit Volume '000s	50	65	100
Headline admission price £s	9.90	6.50	10.00
Discount admissions to net %	0.17	0.60	0.60
Footfall '000s	230	250	400
Retail spend / footfall £s		0.75	1.50
F&B spend / footfall £s		0.75	1.50
Trust Income £000s	822	884	1,305
Admissions	85	254	600
Other fees & charges	114	115	120
Trading income	195	0	0
Grants	386	450	450
Donations & gift aid	21	35	60
Sponsorship	5	15	60
Bank interest	16	15	15
Trading Co Profit £000s	0	31	125
Retail contribution 10%	0	16	50
F&B contribution 10%	0	16	50
Event contribution	0	20	50
Trading Co overheads	0	-20	-25
Expenditure £000s	1,970	1,550	1,900
Payroll (Ex redundancy)	1,186	750	900
Direct costs	736	750	900
Support costs (Ex depreciation)	48	50	100
Operating result £000s	-1,148	-635	-470
Core funding £000s	1,133	833	533
Core funding	1,100	800	500
CBDC	33	33	33
Net Result *	-15	198	63
* Before Project Workup Costs			

The model is predicated on an immediate focus on getting the business side of the museum working with particular attention to admissions and the control of costs associated with secondary income. We know that the management team is making progress in these areas. We suggest that the model illustrated above is a simple and useful tool for future planning.

8. RECOMMENDATIONS

Focus on customer / visit volumes & admissions income

- ▶ Intelligent information about visit numbers and attracting paying customers are the most important consideration for a museum that seeks to depend on earned as opposed to grant income
- ▶ Every additional paying visitor represents 100% contribution to fixed costs. By comparison, retail / catering income typically represents around 10% at best
- ▶ The Tullie Card has to develop into a viable membership scheme that helps drive the Trust's admissions income and business plan. This is unlikely to support overly generous discounts for Carlisle residents
- ▶ More emphasis on Carlisle Life / local interest in the content and programmes of the museum will encourage more repeat visits

Improvements - retail, catering & events

- ▶ Net income, or contribution has to be the guiding principle behind all activity that is secondary to running the museum, caring for its collections, marketing it to the public and opening it to them
- ▶ We see considerable room for improvement in retail and in events by which we mean paid for use of museum facilities with, or without catering
- ▶ We see less scope for immediate improvements in catering contribution but are reasonably confident that the new franchisee has the appetite to grow both consumer and business potential at Tullie House

Future developments

- ▶ The Trust should revisit its 2014 20:20 Vision and prepare a masterplan that forms the basis of a second application for a Heritage Lottery Fund development grant and subsequent phased project delivery. It may be advantageous for the Council to be a formal partner to that application
- ▶ Council owned properties in Castle Street should be incorporated into this masterplan. They offer significant potential to increase both the visibility and volume of visits to the Museum
- ▶ Expected inward investment in Castle Street adds significantly to potential demand for the Museum if its offer is adjusted to the new opportunities
- ▶ Appropriately positioned and managed, secondary activities such as retail and catering have the potential to make significantly improved contributions in a Castle Street frontage location rather than enclosed as they currently are, within the confines of the museum complex

Governance

- ▶ Now that an extremely difficult period of planning for reduced income, staff changes and redundancies has been successfully navigated, the Council and the Trust could usefully make time for discussion around shared objectives, future priorities and barriers to progress - if and where they exist
- ▶ The Trust board should consider broadening the scope of its experience to include commercial, property & local interest expertise
- ▶ The Council should do more to recognise the status of the Trust as current owner and operator of the Museum

APPENDIX A - CONSULTEES

John Bonner	Site Manager	Carlisle Castle, English Heritage
Roger Cooke	Chair	Tullie House Museum & Art Gallery Trust
Paul Croft	Trustee	Tullie House Museum & Art Gallery Trust
Darren Crossley	Deputy Chief Executive	Carlisle City Council
Alex Farthing	Commercial Manager	Tullie House Museum & Art Gallery Trust
Cllr Colin Glover	Leader	Carlisle City Council
Deborah Goodland	Director	Walton Goodland, Commercial Property
Chris Hardman	Planning Development Manager	Carlisle City Council
Roddy Hunter	Director, Institute of the Arts	University of Cumbria
Leadership Team	Museum	Tullie House Museum & Art Gallery Trust
Andrew Mackay	Director	Tullie House Museum & Art Gallery Trust
Cllr John Mallinson	Opposition Leader & Trustee	Carlisle City Council & TH Museum Trust
Steve Matthews	Proprietor	Bookcase Carlisle
Paul McCulloch	Head of Capital Development	University of Cumbria
Jane Meek	Director, Economic Development	Carlisle City Council
Liz Page	Regional Director	English Heritage
Cllr Anne Quilter	Portfolio Holder, Culture	Carlisle City Council
Andrew Smith	Trustee	Tullie House Museum & Art Gallery Trust
Hannah Stewart	Trustee	Tullie House Museum & Art Gallery Trust
Cllr Dr Les Tickner	Deputy Leader & Trustee	Carlisle City Council & TH Museum Trust
Barbara Vernon	Building & Estates Services	Carlisle City Council
Mark Walshe	Property Manager, Investment	Carlisle City Council
Joy Woodruff	Proprietor	ABC Day Nursery

APPENDIX B - ATTACHED

Success guide

Successfully Setting Admissions Policy & Pricing

DC Research for Association of Independent Museums, September 2016

APPENDIX C - ATTACHED

Accounts

Tullie House Museum & Art Gallery Trust Limited

Year to March 2016

APPENDIX D - ATTACHED

Accounts

Tullie House Museum & Art Gallery Trust (Trading) Limited

Year to March 2016

EXCERPT FROM THE MINUTES OF THE HEALTH AND WELLBEING SCRUTINY PANEL HELD ON 23 NOVEMBER 2017

HWSP.30/17 TULLIE HOUSE BUSINESS PLAN 2018/19

The Chairman welcomed Roger Cooke, Chairman of the Tullie House Art Gallery and Museum and Andrew Mackay, Director of Tullie House Art Gallery and Museum.

Report SD.27/17 was submitted introducing the Tullie House Museum and Art Gallery Trust 2018/19 Business Plan.

The Deputy Chief Executive summarised the report which included the Business Plan and a comprehensive productivity study which had been undertaken following a joint appointment of specialist museum consultants Roseangle. The work was funded through a Local Government Association grant and outlined options to further develop the commercial approach of the Trust and reduce their reliance on core funding from the City Council.

Mr Cooke introduced the Business Plan which included three years stability of core funding from the Council which enabled the Trust to concentrate on generating commercial and other financial income independent of the Council and help work towards the final resilience objective of the Trust. The reduction in grant funding had caused significant changes within the Trust, however, the Trust understood the financial pressures that the City Council were facing.

The stable core grant funding had also enabled the Trust to revisit their development masterplan which would include a major capital programme to transfer Tullie House into a major tourist attraction for the 21st century. The masterplan that was emerging was different to the original following support from architects and business consultants and the Trust was working with the City Council on the potential development of the Castle Street building.

All of the work being undertaken was in the context of partnership working with Cumbria Museums Consortium and funding from the Arts Council whose objective was to bring arts and culture to hard to reach groups in the community.

Mr Mackay agreed that the stability in funding allowed the Trust to focus on public relations and greater coherence with ticketing, retail, marketing and IT development. There had also been changes to staffing in Tullie House and appointments to vacancies had more commercial backgrounds than previously. In addition a Funding Development Co-ordinator and a Hospitality Manager had been appointed and their roles had targets attached to them. The Trust was also renewing their membership offer and legacy offer and was looking to find extra sources for capacity building. He commented that there had been difficulties with the catering contract which would require some improvements to the offer.

The capital development scheme would initially begin with the Castle Street building and were been carried out with the City Council. It was clear that Tullie House required investment to support sustainability.

Mr Mackay highlighted some successful exhibits which had taken place in previous months and the number of visitors they had brought into the Museum and the City. He explained that development work was being carried out to improve links with China and how Hadrian's Wall and the Great Wall of China could be promoted across the globe. He detailed the awards that Tullie House had won and the work that was being undertaken to encourage hard to reach groups to visit Tullie House. In addition to all of the promotion and development work the Trust was also refreshing the Board and beginning work on succession planning.

In considering the report Members raised the following comments and questions:

- The Panel thanked Mr Cooke and Mr Mackay for their enthusiasm and for their positive presentation and welcomed the Trust's aspirations to become a national museum.
- A Member felt that the Trust would benefit from stronger regional links to cultural activities that were happening locally and asked if there were plans for engagement with other bodies to widen the cultural offer.

The Deputy Chief Executive responded that discussions were taking place with the University of Cumbria, Prism Arts, Tullie House and the Arts Council to draw together arts, culture and education and raise the City's profile for cultural purposes.

Mr Mackay stated that he worked closely with Sunderland who had a good model for connectivity across the city which would potentially work in Carlisle. The Trust wanted to develop a strong offer and the Arts Council had been supportive of the work.

Mr Cooke felt that the Trust could be better at promoting the work that was being carried out. Carlisle was in an interesting geological position and had three distinct audiences which overlapped each other, residents, visitors to the Lake District and visitors to Hadrian's Wall, there needed to be collaborative marketing to access all of the visitors. He assured Members that there was a lot of work happening across the County.

- A Member commented that Carlisle had the potential to become a Roman City and felt that proposed changes to the Castle Street frontage was an opportunity for the City to become a Roman centre.

Mr Mackay agreed that there was a lot of potential in the City and the Trust was in discussions with UNESCO on how to raise the City's profile. In addition the Lake District was the only World Heritage Site in the country and there needed to be some consideration as to how the visitors to the Lake District could be encouraged to visit Carlisle.

He explained that the Consortium had been established to take advantage of opportunities from the Arts Council. The geographical distance between the cultural offer across the County made it difficult for joint promotion however the Consortium would continue to work together to promote art and culture across the County.

He added that Tullie House would need to be refreshed if the castle Street proposals did not go ahead. The Business Plan showed grant funding was secure for three years, improvements would need to take place to secure sustainability and increase income.

- It was suggested that the Trust consider apprenticeships for the marketing and catering and catering opportunities with Carlisle College and Kendal College were highlighted.
- Were Tullie House involved in the Borderlands Project?

Mr Mackay responded that he had been interested in the project and had attended some meetings, however, it was too early in the project to determine what role Tullie House could have.

- Was there another museum that Tullie House aspired to emulate?

Mr Mackay explained that no other museums were comparable to Tullie House however Tullie House was a member of a benchmarking club. Mr Cooke added that Exeter Museum was a good museum of a similar size and was run by the Local Authority. The museum had undergone a major redevelopment and the way that had been implemented was of particular interest to the Trust.

- What would the refresh of the membership offer include?

Mr Mackay assured the Panel that the changes would not impact negatively on residents. The Trust would continue to run a number of free events and activities and had introduced an annual ticket which cost £6.50 and allowed unlimited access to Tullie House for the year. He added that Members would be invited to a curated tour in January to coincide with the installation of the young whale which had been washed up on a beach near Drigg on the north west coast.

- How was the Trust's relationship with English Heritage and the Military Museum?

Mr Mackay stated that there was a strong link with the Military Museum however there had been issues in establishing a relationship with English Heritage. The Trust had wanted a joint ticket for Tullie House, Carlisle Castle and the Cathedral but had not been successful in establishing this. There had been a significant change with English Heritage and they had moved to a more commercial approach as a result, the Trust was optimistic that relationships could be established in the future.

- A Member had attended a function regarding the railway at Tullie House and asked if any further work had been developed.

Mr Cooke responded that he was keen for Carlisle to celebrate its railway history and he understood the power that railways had in attracting visitors. He explained that plans were being put together for a series of railway heritage walks that would be signed and curated.

- The budget in the Business Plan had accommodated a core grant reduction of £50,000, however, the Productivity Report suggested a £300,000 reduction, how would this affect Tullie House? A Member commented that it was difficult to consider the Business Plan as the consequences of the proposed core grant reduction were not included.

Mr Cooke clarified that the proposed reduction of £300,000 had been the consultant's view of where the grant could get to if a number of the recommendations in the Report were implemented. The Trust had not agreed with all of the assumptions in the Productivity Report and felt that some of the income generation figures were over ambitious.

The Deputy Chief Executive clarified that Roseangle had consulted with a range of individuals, as listed in Appendix A of the report, before agreeing the brief. The Report had clear parameters for the recommendations which stated that Tullie House could improve their income and be sustainable with a £300,000 reduction but it would be highly unlikely that Tullie House could exist if the core funding reduce below £500,000. The proposals for core funding reduction were for future years and the Council had already agreed core funding for three years. He added that Productivity Report laid out the possibilities and the Council was working with Tullie House to see if they could be achieved.

A Member was disappointed that the Productivity Report had not been made available earlier for scrutiny. The Report made reference to appendices which were not included and she felt strongly that all of the information should have been made available for scrutiny to add value and support the Executive. The Member was also concerned about the recommended £300,000 reduction in grant funding and the impact it would have on Tullie House. She was also concerned that Tullie House was losing money through a franchise that should be a source of income.

Mr Mackay explained that the Trust had challenged some of the Consultant's recommendations as the income yield recommendations had not taken into account VAT, free child admission and free carer admission. The Trust would not be charging admission for children or carers and had been in discussion with the Council regarding the recommendations.

The Deputy Chief Executive explained that the Productivity Report had come to Scrutiny at the first suitable opportunity. Discussions had been ongoing with the Board, Portfolio Holders and the Leader and the consultant had been called back last month to discuss the recommendations further. The Report had not been in a position to be presented until those discussions had occurred.

Following further discussion the Deputy Chief Executive clarified that the budget report had identified that a further £300,000 per annum could be saved from the subsidy provided to the Trust based on the recommendations in the Productivity Report. A Member raised the point that while the report indicated £200k was achievable, further reductions above that level were dependent on capital invest from the Council.

The Leader explained that the Report gave Tullie House options to consider but they had made the choice to retain free child admission. The Board had considered the options in the Report and were at liberty to do something different. He informed the Panel that he had been contacted by a national publication who wanted more information regarding the reasons the Council had for giving such support to arts and heritage. The Council ranked seventh in the UK for financial support to arts and cultural and were second in the North behind Hull which was the European Capital of Culture. He added that the Council wanted Tullie House to be successful with a sustainable budget.

The Culture, Heritage and Leisure Portfolio Holder clarified that the report set out core grant savings that could be achieved and that Tullie House would not be charging admission for children. She confirmed that the Council were dedicated to providing culture, arts and heritage in the City.

She felt that the City was at a disadvantage in terms of funding that came to the North of England and was trying to influence change.

RESOLVED – 1) That Mr Cooke and Mr Mackay be thanked for their detailed presentation of the Tullie House Business Plan 2018/19 (report CS.27/17).

2) That the Panel welcome the Tullie Museum and Art Gallery Draft Business Plan 2018/19 to 2020/21.

3) That the Executive consider the comments of the Panel, as detailed above, with regard to the LGA Productivity Expert Programme Report, specifically that reductions in excess of £200k should be accompanied with capital investment

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 18 DECEMBER 2017

EX.138/17 **TULLIE HOUSE BUSINESS PLAN 2018/19
(Key Decision – KD.24/17)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, the Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Culture, Heritage and Leisure

Relevant Scrutiny Panel Health and Wellbeing

Subject Matter

The Culture, Heritage and Leisure Portfolio Holder submitted report CS.40/17 introducing the Tullie House Museum and Art Gallery Trust (THT) 2018-2021 Business Plan.

Members were reminded that the purpose of the report was to allow consideration of the Business Plan in order that the Council may, in due course, agree core funding for the Trust. That was in line with Section 5 of the Partnership Agreement between the Council and the Trust which stated that the Business Plan submitted by the Trust to the City Council should be used as the basis for agreeing future years funding.

The Portfolio Holder also presented a comprehensive productivity study undertaken in early 2017 following a joint appointment of specialist museum consultants Roseangle. She explained that the work was funded through a Local Government Association grant. The report outlined options to further develop the commercial approach of the THT and reduce their reliance on core funding from Carlisle City Council. A copy of the Roseangle report accompanied the Tullie House Business Plan at Appendix 2.

The Health and Wellbeing Scrutiny Panel had, on 23 November 2017, considered the matter (HWSP.30/17) and resolved:

“1) That Mr Cooke and Mr Mackay be thanked for their detailed presentation of the Tullie House Business Plan 2018/19 (report CS.27/17).

2) That the Panel welcome the Tullie Museum and Art Gallery Draft Business Plan 2018/19 to 2020/21.

3) That the Executive consider the comments of the Panel, as detailed above, with regard to the LGA Productivity Expert Programme Report, specifically that reductions in excess of £200k should be accompanied with capital investment.”

A copy of the Minute Excerpt had been circulated.

The Chairman of the Scrutiny Panel had been invited to address the Executive on the matter, but was not in attendance.

The Culture, Heritage and Leisure Portfolio Holder then formally moved the recommendations, which were formally seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive had given consideration to the Tullie House Business Plan, alongside the Roseangle / Local Government Association Productivity Report and:

1. Referred the Tullie House Business Plan and the Roseangle Report to full Council for consideration in January 2018.
2. Confirmed the agreed levels of core funding for 2018/19 and 2019/20 (as per the current Budget and Medium Term Financial Plan).
3. Proposed a base reduction in core funding to the Tullie House Trust of up to £300,000 with effect from 2020/21.

Reasons for Decision

The recommendations allowed the report, the associated Business Plan and core funding to be approved in line with the Partnership Agreement