

Report to Council

Agenda
Item:
14.
(ii)

Meeting Date: 5th January 2021
Portfolio: Culture, Leisure and Heritage
Key Decision: Yes: Recorded in the Notice
Within Policy and Budget Framework Yes
Public / Private Public

Title: TULLIE HOUSE BUSINESS PLAN 2021/22
Report of: DEPUTY CHIEF EXECUTIVE
Report Number: CS 04/21

Purpose / Summary:

This report provides an overview and analysis of the September 2020 update of the Tullie House Museum and Art Gallery Trust 2020-2025 Business Plan (Appendix 1). 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 Tullie House Trust (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.

Recommendations:

Carlisle City Council are asked:-

- To consider the comments of both the Health & Wellbeing Scrutiny Panel (as detailed in the minute excerpt of their meeting of 19/11/20), and the comments and recommendations of Executive as (detailed in the minute excerpt of their meeting on 14/12/20).
- Confirm the agreed levels of core funding for 2021/22 and the indicative levels for 2022/23 and 2023/24.

Tracking

Executive:	12th October 2020 & 14th December 2020
Scrutiny:	19th November 2020
Council:	5th January 2021

1. BACKGROUND

- 1.1. On 14th December 2010 the City Council 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 Tullie House Trust (THT) and Carlisle City Council states that the core funding from the Council to the Trust is set following consideration of a business plan submitted annually.
- 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. In 2020, as part of the Business Plan approval process, Council agreed to start discussions to progress to a four-year business plan in order to offer stability and certainty in budgeting for both parties. The Trust believe that a four-year cycle would also fit into the Arts Council for England funding cycle and help with the delivery of Project Tullie. Due to the impact of Covid 19 this has not been progressed any further at present.
- 1.5. In 2020 Council also agreed to start discussions with THT to move from a payment mechanism that segregated the core funding, inflation and services costs to calculating one total financial support package and a single composite management fee. Again, due to Covid 19 this has not been progressed any further.
- 1.6. THT launched Project Tullie in 2018 to mark the 125th anniversary of the museum. Project Tullie is the Trusts masterplan to “*transform Tullie House Museum into the creative and cultural heart of the borderlands for the 21st century*” and, they believe, is central to their future business plans. Although the capital costs fall outside the revenue budgets presented in the business plan, THT see the delivery of the project as crucial to their ability to fulfil their strategic priorities (Community Engagement and Financial Sustainability) and associated objectives.

2. CORE FUNDING

- 2.1. The core funding referred to in the Tullie House Trust Business Plan (Page 42 6.3) represents the financial support offered to the Trust on an annual basis to assist the Trust to operate. The Council has reduced core funding since the commencement of the Trust in May 2011, these reductions are approximately in line with other revenue reductions managed by the Council during this period. The table below (2.6) demonstrates these reductions over time. To give the Trust certainty during this

period the Council agreed to hold the core funding between the years 2013-15 and 2016-2020. This period also afforded the THT enough time to react to the recommendations arising from the LGA Productivity Review highlighted below.

- 2.2. The agreement to hold the core funding level for the period 2016-20 was stimulated by an independent review of the THT performance and future sustainability. In early 2017 a comprehensive, productivity study was undertaken by specialist museum consultants Roseangle. This work was funded by the Local Government Association as part of their programme to assist the sector with efficiency programmes. The study was a joint commission with THT as was the appointment of Roseangle.
- 2.3. The report outlined recommendations to develop the commercial approach of the trust and improve their income and financial sustainability. It is clear that THT have adopted many of these recommendations.
- 2.4. The report concluded that THT could operate with core funding of no less than £500k from the City Council. The report also suggested that the Council could expect to achieve a core funding saving of £200k (from the 2018/19 funding level of £734,420) once the THT had implemented its recommendations. In addition, the report suggested that the Council might expect to achieve a further core funding reduction of circa £100k should the THT realise a capital investment for a significant project.
- 2.5. The agreement to hold the core funding levels during this four year period afforded the THT an opportunity to make progress on its financial sustainability and determine its future major project. The THT have responded to this position by seeking to become more sustainable and conceiving Project Tullie.
- 2.6. Previous core funding, inflation (borne by the Council) and Services costs (paid over to Tullie House Trust) are laid out below.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Core Funding	1,314,420	1,256,420	1,198,420	1,198,420	948,420	734,420	734,420	734,420	734,420	634,420
Inflation	0	18,161	37,003	47,034	80,438	77,696	89,301	118,130	146,723	178,568
Services (HR/Payroll/ICT/H&S)	0	0	0	0	13,294	22,388	72,480	82,498	89,403	90,784
TOTAL PAYMENT TO TULLIE HOUSE TRUST	1,314,420	1,274,581	1,235,423	1,245,454	1,042,152	834,504	896,201	935,048	970,546	903,722

- 2.7. The total annual payment of funds to THT from the council is made up of the core funding, inflation and the market tested costs of services previously provided by the City Council (HR/Payroll/ICT/H&S).
- 2.8. The core funding is agreed as part of the annual budget cycle. The inflationary increase and cost of services calculations are written into the funding agreement.
- 2.9. Inflation is determined on an annual basis through a detailed calculation based upon individual income and expenditure budget heads included within the Tullie House Business Plan rather than on a fixed percentage increase on the core funding.
- 2.10. The future core funding built into the Council's current Medium-Term Financial Plan assumes the following reductions in core funding in respect of Tullie House Trust.

	2021/22	2022/23	2023/24
Core Funding	584,420	434,420	434,420
Inflation (estimate*)	207,760	241,001	274,742
Services (HR/Payroll/ICT/H&S)	90,784	90,784	90,784
TOTAL FUNDING	882,964	766,205	799,946
Savings from 2020/21 levels	50,000	200,000	200,000

*Inflation estimated at 2% but will be calculated in line with the partnership agreement at CPI

3. CONTRUBUTION TO CARLISLE CITY COUNCIL PRIORITIES

- 3.1. The THT plays a major contribution to the Council vision of improving the health, wellbeing and economic prosperity of the people of Carlisle.
- 3.2. The primary focus is on managing Tullie Museum through the exhibition of the City Council's collection and bringing in external collections.
- 3.3. In 2020 the THT secured temporary exhibitions from Rembrandt and Turner.
- 3.4. In 2020 the THT developed a new, permanent costume gallery to show the costume and textile collection. The funding for this new development was secured by the THT.
- 3.5. The THT also has Community Engagement as one of its two strategic priorities. This includes a wide variety of initiatives such as:
- The museum worked with a significant range of community groups including *Carlisle Mencap*, *Cumbria Youth Services*, *Carlisle Young Carers*, *Making Space* (for people who use art as a form of therapy to support ongoing mental health issues), *Unity* (people undergoing rehabilitation for addiction

issues), *Dementia Action Alliance*, *M-Unit*, *AWAZ*, *Multicultural Carlisle*, *Inspira* and many more.

- The THT runs a number of health and wellbeing groups for the community – Tullie Textiles, Accessible Art Group, Afternoon at the Museum and the TH Social History Group.
- The THT engages with over 15,000 school pupils annually through its award-winning learning programme. The service is used regularly by all the primary schools in Carlisle.
- Youth work. In addition to the two youth groups that we operate, the museum has also been running Hope Streets – a platform for 11-25 year olds from diverse backgrounds to work with heritage organisations and artists.

4. LEASE ARRANGEMENTS

- 4.1. **Tullie House Museum (THM)** - In section 1. Background above, there are brief details of how the current arrangement with the THT came into being. One of the various documents that was entered into between the Council and the THT was a lease between the parties for the THM. This was for a term of 30 years up until 31 March 2041. The principal details of this lease are set out in Appendix 2 to this report.
- 4.2. **Herbert Atkinson House (HAH)** – The Tullie House Trust (THT) currently occupy this building with the consent of the Council but there is no formal agreement in place to document this. Further information on the current working arrangements is set out in Appendix 2.
- 4.3. **6-24 Castle Street.** - This building is currently vacant having been last occupied by the University of Cumbria. It is in poor condition and in need of substantial refurbishment. The Council is currently bidding for Future High Street funding to assist with this. The THT currently do not use this building or have any agreement in place for it although the lease for the THM grants them access rights through the clock tower archway from Castle Street and use of the open yard which lies between this building and the THM. The THT have however expressed interest in using it in the future if it can be refurbished.
- 4.4. Both Herbert Atkinson House and 6-24 Castle Street were included in the Council's 2018 Asset Disposal Plan. The Asset Value of Castle Street (as at 31 March 2018) was £325,000. This has been updated in March 2020 to £275,000. The current plan for the Castle Street property is to await the outcome of the Future High Street Funding bid, as, if successful this may allow the Council to consider a wider range of disposal options. It may also offer the opportunity to achieve a more significant capital receipt. The THT, with their cultural offer, could potentially be one (of maybe

a number) of the eventual occupiers of building once it has been re-modelled / refurbished. At this stage however it is too early to commit to any party over the future occupation and use of this building given the Council's objective to achieve a capital receipt whilst at the same time bringing a vacant building back into beneficial use.

- 4.5. The Asset Value of Herbert Atkinson House in 2018 was £160,000. The 2020 value was unchanged. Presently, the occupation of this building by the THT prevents it being effectively marketed for sale. A substantial capital receipt will only be received with vacant possession.

4.6. Current Issues

A) THT have requested a new 99-year lease for the occupation and use of the THM. They have advised that this will enable them to better draw down funding for Project Tullie.

This request was considered by Executive (17th June 2019) and Executive resolved the following:

‘That the Executive agreed to the surrender and re-grant of a lease of Tullie House Museum to Tullie House Museum and Art Gallery Trust on final terms, including relevant break provisions, to be agreed by the Property Services Manager following consultation with the Corporate Director of Governance and Regulatory Services, together with the Portfolio Holder for Finance, Governance and Resources.’

In acting on this resolution the Council needs to consider whether this is an appropriate route. A lease of this length (99 years) is akin to a virtual freehold and normally in such circumstances, the long leaseholder would expect to take on all responsibilities for the asset. This is not however what the THT are suggesting as it is currently expecting the Council to carry on paying for major repairs etc as it does under the current terms. This is not a realistic position as the Council cannot reasonably commit to be responsible for these items over such a long period. It is proposed to hold discussions with the THT about how these responsibilities could be transferred to the THT if a 99 year lease is to be granted. It will though be important to understand how the THT propose to maintain the building and whether they can satisfactorily budget to do so.

B) THT are also seeking extensive refurbishment works of the basement area to assist with the storage of exhibits. The quotes for this work total a little under £80,000. This expenditure is a recent request and one that has not been budgeted for. There is no guarantee that this work would solve the current issue and therefore discussions need to be entered with the THT as to whether this is the most appropriate solution. The THT have previously advised Property Services that they

have a budget for an external solution, and this may be a better route for the current exhibit storage requirement.

C) THT are seeking a new 99-year lease of HAH on much the same terms as they currently have for the THM. Although the Council agreed to grant the THT a lease in 2014 (see appendix 1) this was for a shorter terms lease so in considering this request the Council needs to make much the same considerations as in 3.6 A) above.

D) THT have expressed an interest in securing a long lease for the freehold of 6-24 Castle Street especially if the Council can secure a sum from the Future High Street Fund bid to refurbish the building. As indicated in 3.4 above a decision on this can not be made at present as the Council needs to await the outcome of its funding bid and how it can best achieve a capital receipt in pursuit of the objectives of the asset Disposal Plan.

E) The most recent Conditions Survey for Tullie House Museum (2017) commissioned by the Council have identified significant repairs and renewals that are likely to exceed current budget expectations in the coming years. Whilst it is likely that the expenditure on future repairs can be stretched out to a degree, these do give an indication of the importance that needs to be attached to future maintenance costs in the context of the overall funding for these assets.

5. BUILDING AND COLLECTION FINANCIAL IMPLICATIONS

- 5.1. In addition to the core funding, inflation and services the City Council is responsible for other costs associated with the building and the collections.
- 5.2. The City Council owns the collections that THT exhibits. These are on the balance sheet for £18.3m, however they are insured for £30m as they are due to be re-valued and there is an expectation that the value has increased.
- 5.3. The Council's Property Services team incur costs in connection with the Council's obligations to maintain the building. More detail on these is provided in section 6 below and in Appendix 2.
- 5.4. The Council also insures the buildings and the exhibit / fine art collections. The average cost over the last two years for the range of insurance policies that the Council maintains on behalf of THM and HAH is in the order £96,000 per annum.

- 5.5. Under the terms of the lease the THT should pay the buildings insurance. The Partnership agreement states that Carlisle City Council will pay these costs. Carlisle City Council has continued to pay the buildings insurance. If lease arrangements are reviewed following the request by the THT, as outlined in section 4, this anomaly could be addressed as part of this stage.

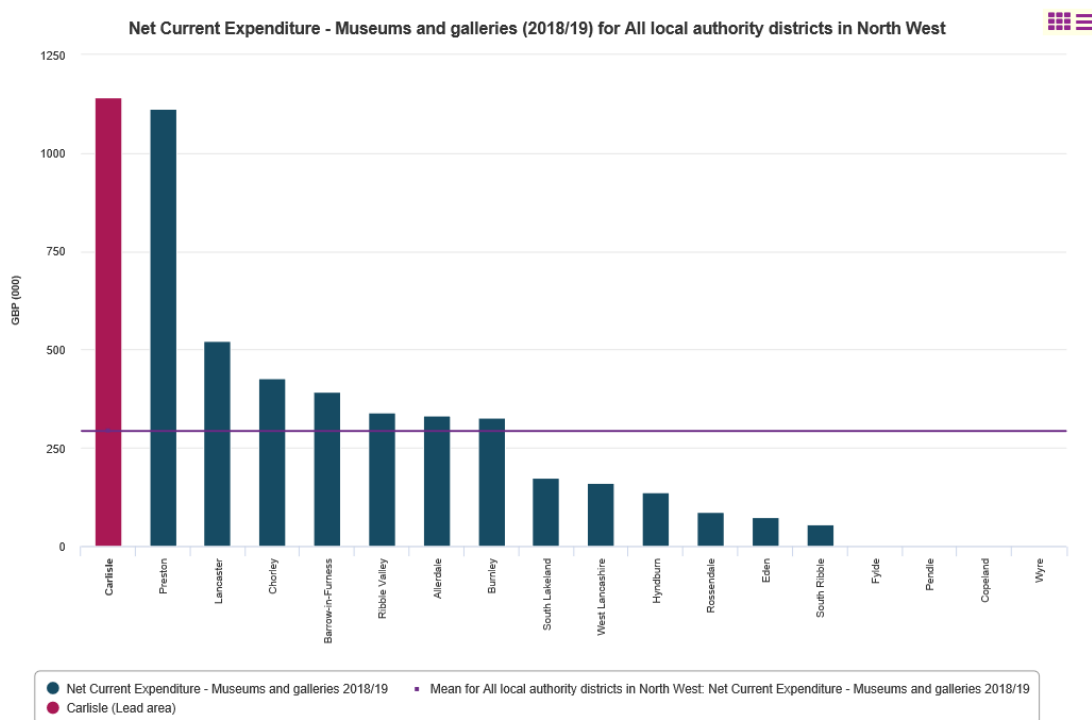
6. FINANCIAL OVERVIEW OF MUSEUM SERVICE

- 6.1. The revenue impact of the Museum Service on the Council budget is outlined below:

Description	Funding 2020/21
Core funding	£634,420
Inflation	£178,568
Services	£90,784
Building maintenance/repairs	£50,000
Building staff time	£29,000
Collections insurance	£32,000
Buildings insurance	£64,000
<u>TOTAL</u>	<u>£1,078,772</u>

- 6.2. The Council total revenue budget for all services for 2021/22 is projected to be c. £13.45m

- 6.3. Carlisle City Council is the lead local authority district in terms of spend on Museum Services in the north west.



- 6.4 Given the ongoing financial pressures on the Council it is considered that a more comprehensive transfer of assets and collections is worthy of further consideration with the THT during the next financial period. This work will need to be accommodated in the 2021/22 Community Services Directorate Plans.

7. IMPACT OF COVID

- 7.1. The Covid Pandemic has had a significant effect on THT. On March 19th, following Government requirements Tullie House closed the building to all visitors, furloughed non-essential staff and used the Coronavirus Job Retention Scheme (CJRS).
- 7.2. Tullie House partially re-opened on 8 July on reduced hours to try to generate income whilst maximising benefit from the government's CJRS.
- 7.3. On the 5th of November Tullie House was required to close and the museum reopened on the 3rd of December.
- 7.4. In October the THT received a grant of £494,800 from the Cultural Recovery Fund.
- 7.5. Due to a combination of social distancing measures and fragile customer confidence, the Museum has experienced a 70% decrease in previously projected visitor numbers and earned income since re-opening. Further details relating to the impact of the Covid-19 pandemic are covered in the THT Business Plan Appended to this report.
- 7.6. The Covid Pandemic has also had an impact on the City Council's financial position.

8. TULLIE HOUSE TRUST BUSINESS PLAN PROPOSAL

- 8.1. The THT business plan highlights that the combined effects of the loss of income this year and next mean that the trust is no longer in a position to afford the previously planned reductions in core funding of £50k in 2021/22, or the further cut of £150k proposed by the Council in 2022/23.
- 8.2. The THT business plan states that if these cuts go ahead, by the end of 2021/22 Tullie House will have negative free reserves of £80k and, by the end of 2022/23, negative free reserves of £180k.
- 8.3. The THT business plan states that without the proposed cut of £50k in 2021/22 there will be negative free reserves of £25k.

- 8.4. The THT business plan suggests that Project Tullie would have to stop if the existing MTFP reductions remain.
- 8.5. However, THT has kept in the existing MTFP reductions in the core funding in their business plan for 2021/22.
- 8.6. The indicative core funding proposals for 2022/23 and 2023/24 proposed are not in line with the MTFP.
- 8.7. As per the recommendations from the 12/10/2020 Executive meeting, officers sought alternative scenarios from the THT on how they would propose to manage the service with the Council's current proposed reductions in core funding 2021-2024. No scenarios were submitted.

9. TULLIE HOUSE TRUST CAPITAL REQUEST

- 9.1. In addition to the above revenue proposals the 2020-2025 THT Business plan requests that the Council provide a capital contribution of 'no less than £3m' towards Project Tullie.
- 9.2. The request is for the capital contribution to be spread over three years starting in 2021/22.
- 9.3. THT recognises that this is a significant ask, but highlights that it is 20% of the total project value (£14m).
- 9.4. This is not built into the current Council's capital budgets or MTFP. There would be significant revenue implications for the Council's MTFP if agreed as the City Council would need to carefully consider funding options, balancing these against other Council commitments and long-term plans.

10. SUMMARY

- 10.1. The business plan submitted by THT retains the figures set out in the MTFP for core funding for 2021/22.
- 10.2. The business plan submitted by the THT has the core funding for 2022/23 and 2023/24 from the Council set at £100,000 more than the MTFP.

- 10.3. The MTFP has core funding savings in for 2021/22 (£50,000) and 2022/23 (£150,000). There are no further savings planned in 2023/24.
- 10.4. Since the submissions of the THT Business Plan the Trust has received £494k Covid support grant from the Cultural Recovery Fund (outlined in 7.4 of the Executive report).
- 10.5. The Trust have now stated that this grant puts them in a position where they can now accept the Council's grant funding reduction of £50k in 2021/22 and a further £50k reduction in 2022/23.
- 10.6. However, the Trust still object to a further proposed £100k reduction in 2022/23. The Trust state that they have run through various scenarios to deal with this level of reduction and found that none of these are viable. Council officers have not seen these scenarios
- 10.7. The Partnership agreement states that core funding should be set for the following financial year and indicative figures given for the subsequent two years.
- 10.8. For clarity the Council MTFP proposals and the THT trust proposals for the next three financial years have been separated out below.
- 10.9. 2021/22 core funding:
1. The Council MTFP core funding proposal - £584,420.
 2. The THT core funding proposal £584,420.
- 10.10. 2022/23 indicative core funding:
1. The Council MTFP core funding proposal - £434,420.
 2. The THT core funding proposal - £534,420.
This would require recurring saving of £100,000 to be identified elsewhere in the revenue budget.
- 10.11. 2023/24 indicative core funding:
1. The Council MTFP core funding figure - £434,420.
 2. The THT proposal - £534,420.
- 10.12. The current Capital Investment Strategy does not include any investment towards Project Tullie at this stage and a full business case would need to be considered to understand the total impact a potential investment of 'no less than £3m' would

have on Council's Reserves as it is likely additional borrowing would need to be undertaken to fund this request if it is progressed.

- 10.13. THT have also raised a number of other matters related to maintenance, Project Tullie and property leases. The Portfolio Holder and Deputy Chief Executive plan to meet with the THT chair and Director in the New Year.

11. CONSULTATION

- 11.1. The Tullie House Trust Business Plan was considered by Carlisle Health and Wellbeing Scrutiny Panel on the 19/11/20 and the Executive on the 12/10/20 and the 14/12/20

- 11.2. The Health and Wellbeing Scrutiny Panel resolved:

- 11.3. That the Panel had considered the funding proposals made by Tullie House Board, in the context of the information that they provided regarding challenges and opportunities set out in their Business Plan contained in report CS.35/20.

- 11.4. The Panel recommend to the Executive that they revisit the Business Case for investment in Project Tullie.

- 11.5. That Mr Smith, Mr Mackay and Ms Smalley be thanked for their presentations and for their detailed answers to the Panel's questions.

- 11.6. The Executive resolved:

- That the Executive had reviewed the Tullie House Business Plan before making any recommendations to full Council for consideration.
- That the Executive had considered the proposals made by the Tullie House Board for core funding from 2021/22 to 2023/24 as at page 42, point 6.3 of the Business Plan; and that future core grant allocations for 2021/22 to 2023/24 remain as built into the Council's current Medium Term Financial Plan.

12. CONCLUSION

- 12.1. That Carlisle City Council agree and approve the Tullie House Trust core funding in line with the Partnership agreement.

13. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

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**Appendices
attached to report:**

- Tullie House Trust Business Plan 2020-25 September Update
- Building and collection financial implications additional information

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:

LEGAL – 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. In February, the Council approves its budget for 2021/22, as per normal, the following two years’ grant is indicative only.

FINANCE – The Medium-Term Financial Plan assumes provision for the core funding of the Tullie House Trust in accordance with the Funding Agreement and includes reductions in the core funding which have been previously agreed. In line with standard procedures, further work is required in respect of the inflation calculation for 2021/22. The Medium-Term Financial Plan assumes a phased introduction of recurring savings to the grant payable to Tullie House following receipt of a jointly commissioned report; this has been assumed at £50,000 from 2021/22 and a further £150,000 from 2022/23. Reversing the planned reduction from 2021/22 would result in a pressure on the Council’s revenue budget of £50,000 in 2021/22 and a recurring pressure of £200,000 from 2022/23.

The proposed disposal of Herbert Atkinson House and 6-24 Castle Street are included within the Asset Disposal Plan which is embedded within the Council’s financial planning processes. These assets are expected to generate capital receipts of £160,000 and £275,000 respectively. If a new lease arrangement is agreed with Tullie House Trust for

Herbert Atkinson House, the asset is likely to be retained and removed from the Asset Disposal Plan and therefore no capital will be received.

Any potential revenue savings to the Council resulting from the requested revised lease arrangements will be confirmed and reported back to Executive.

The current Capital Investment Strategy does not include any investment towards Project Tullie at this stage and a full business case would need to be considered to understand the total impact a potential investment of 'no less than £3m' would have on Council's Reserves as it is likely additional borrowing would need to be undertaken to fund this request if it is progressed.

EQUALITY –

INFORMATION GOVERNANCE –

**TULLIE
HOUSE**

**125 YEARS
CARLISLE**

PRIVATE REPORT



Tullie House Business Plan **2020/21 - 2025/26** *September 2020 Update*

Tullie House Business Plan

Tullie House Business Plan 2020/21 - 2025/26

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Business Plan, 2020/21, Strategic Update: Short-term survival, long-term growth Overview

2020 was the year that everything changed as a consequence of Covid-19 (C-19), the global pandemic.

The last financial year (2019/20) was our most successful year for almost a decade with visitor numbers exceeding 200,000 and earned income up by 17% before the C-19 lockdown. The end of that reporting period coincided with the national lockdown and an enforced shutdown of over three months, which dominated the first quarter of 2020/21.

Tullie House partially re-opened on 8 July on reduced hours to try to generate income whilst maximising benefit from the government's Coronavirus Job Retention Scheme (CJRS). Due to a combination of social distancing measures and fragile customer confidence, the Museum has experienced a 70% decrease in previously projected visitor numbers and concomitant earned income since re-opening.

The national lockdown is gradually being relaxed but at the same time there is now the on-going threat of local lockdowns and a widespread expectation that the current restrictions and accompanying public sentiment resulting from living with the pandemic will continue well into 2021/22.

As a result of this national uncertainty and the huge financial impact the pandemic has had on Tullie House, this business plan has been updated to illustrate the scenario planning work that has been undertaken to assess the likely future viability of the Trust. Most of the chapters have been updated accordingly. The financial analysis provided in this Business Plan is therefore both realistic and robust and takes into account the depressed visitor market as a result of the pandemic.

Despite the seismic impact of the pandemic on the cultural and visitor economy, the core element of our pre-pandemic strategy remains. The capital renewal set out in our *Project Tullie* plan is fundamental to our medium to long-term financial viability. Indeed, in the context of the coronavirus pandemic, *Project Tullie* is arguably more vital than ever. In order to recover from the impact of the pandemic and re-establish Tullie House as Carlisle's pre-eminent visitor attraction it is all the more pressing that we create a visitor experience that is fit for purpose, able to do justice to the city's long history and provide the bedrock for renewing and growing the Museum's non-grant income.

Short term-survival

Prior to the pandemic our strategy for dealing with the planned reduction in funding from the Council was a combination of: short-term measures, including revising our admissions policy to grow income and cutting costs by replacing paid gallery staff with volunteers; and the longer-term improvements that *Project Tullie* would enable.

The pandemic has put paid to the projected gains and savings we had planned and will place additional, considerable strain on our reserves over the next 18 months. Our reserves – combined with the increase in income we had projected before the pandemic – would have been just sufficient to cope with the planned cuts in our core funding by the Council which were due to take place this year and the reduction planned in 2021/22.

However we are now projecting a reduction in earned income of £320k in 2020/21. Whilst this has been mitigated to some extent by our application for the maximum amount of support available under the CRJS, a rates discount and the fact that all non-essential activity and expenditure was suspended from mid-March to the end of June, we are still projecting a final operating result less than originally expected. Moreover, with the end of CJRS in October 2020, but no end in sight to social distancing and other business-limiting safety measures, we expect to make a significant loss next year of c.£250k, compared with a break-even position originally projected.

Tullie House's "free" reserves at the start of this year were £200k. This is already below the minimum target level set by the trustees of £250k. Other reserves are not available to use to cover losses, being represented either by fixed assets (£450k), restricted funds (£360k) or amounts designated by trustees for progressing *Project Tullie* (£75k).

The combined effects of the loss of income this year and next mean that Tullie House is no longer in a position to afford the previously planned cut in core funding of £50k in 2021/22, let alone the further cut of £150k proposed by the Council in 2022/23. If these cuts go ahead, by the end of 2021/22 Tullie House will have negative free reserves of £80k and, by the end of 2022/23, negative free reserves of £180k if the full £150k cut in Council funding is implemented that year. Even without the proposed cut of £50k in 2021/22 there will be negative free reserves of £25k.

Unless the Council is prepared to reconsider and reverse these planned cuts in core funding, without other grant funding, the trustees will have to abandon *Project Tullie* in order to free up designated reserves to cover these losses. However, without the *Project Tullie* investment, losses would continue into the future. Free reserves would remain below the minimum level set by trustees which would trigger a "critical incident" report to the Charity Commission early in 2021 as the Trust would face significant uncertainty regarding its ability to remain a going concern. The Trust has no fixed assets that it can sell, nor an endowment fund to fall back on.

If the Council agrees to reverse the planned cuts, the Trust will still face a projected free reserves deficit of £25k by the end of 2021/22 and the trustees will still need to consider whether it remains viable for Tullie House to progress *Project Tullie*. This will in part depend on the Council's support for that project as further set out below and the availability of other grant funding.

Many UK museums and art galleries are in the same position as Tullie House and the Government, Arts Council England and the National Lottery have all responded to this through various emergency funding programmes. Tullie House has applied for this support, but to date has not been successful because it has sufficient reserves to survive this financial year. We are continuing to pursue all possible opportunities for this grant-aid¹ support, which we regard as essential for Tullie House's medium and long-term financial sustainability.

At the time of writing, after eight weeks of re-opening, the Museum's earned income is in line with others in the sector at around 30% of pre-pandemic levels. Our café and shop are open but not reaching break-even figures at current visitor levels and commercial activity such as venue hire has dried up. We have significantly increased charitable messaging to encourage greater individual giving and membership sign-ups, but this comes nowhere close to the level of support we need.

¹ Three emergency funding grant applications were submitted in August. The outcome of these applications will be known in September and October. Only the application to the DCMS/ACE Cultural Recovery Fund will have a material affect.

Should the Council choose to not review its proposed core funding reduction and without new grant-aid the Trust will have exhausted all options and the museum will not be financially sustainable beyond the end of 2021/22.

Long-term growth

If the museum is able to stabilise and survive the current period of economic upheaval, *Project Tullie*, our plan for renewal of the Museum, is fundamental to Tullie House's survival as a going concern.

The comprehensive masterplan clearly demonstrates that with significant capital investment and the right business model Tullie House can be less reliant on income from the Council and therefore become more independently sustainable. Phase I of *Project Tullie* is currently estimated at just under £17m. We believe that the case for capital investment has been made via this Business Plan and the *Project Tullie* masterplan. In addition to securing the Museum's future, the project will also deliver huge economic and social benefit to Carlisle and the wider city region. It is clear from community and visitor research that the demand is there.

Unfortunately, the pandemic has also impacted on these plans as it has prevented us from re-submitting a Stage 1 application to the National Lottery Heritage Fund (NLHF) for *Project Tullie*. NLHF has suspended its major capital grants programme while it focuses its support on smaller heritage organisations whose immediate survival is under threat.

We plan to submit our Lottery application as soon as the NLHF re-opens its funding streams. However, in order to deliver such an ambitious and transformative scheme the NLHF will expect to see a significant capital contribution from the owners of the collections and the building – the Council. We are therefore requesting a capital contribution from the Council of no less than £3m spread over three consecutive years commencing 2021/22². We recognise that this is a significant ask for the Council but, in context, it is less than 20% of the overall scheme and will lever £14m into the project and therefore the Carlisle economy. It therefore represents considerable value for money. We also believe that this support will be vital to our success with our NLHF bid, as it will demonstrate the Council's support for the wider economic and social benefits that *Project Tullie* will bring to Carlisle.

This level of support will ensure that *Project Tullie* maintains momentum and that the long-term future of the Museum is secured. Without this investment, survival in the short term will preface continued financial challenges in the years to come and will be a significant opportunity lost.

Andrew Mackay
Director

² The project start date is dependent on other funders. This is our preferred scenario.

1.

Introduction: Vision, Mission, Aims and Objectives

1.1 Context: a period of change

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

Additionally, the Trust occupies industrial premises for off-site collections storage, and in 2014 Carlisle City Council provided access to the adjacent Herbert Atkinson House in Abbey Street. This building is now used to house the Cumbria Biological Data Centre, the Programme & Development team and staff seconded by Lancaster University Confucius Institute.

All of 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.

This business plan sets out Tullie House's ambitions and plans for the next 6 years from 2019/20 to 2024/25.

This period is set to be one of significant change for the museum, and will encompass three important strands of activity and development:

1. **The delivery of the first phase of *Project Tullie***, our masterplan to transform Tullie House Museum into the creative and cultural heart of the borderlands for the 21st century.
2. **The completion of Arts Council England's (ACE) current cycle of investment in Tullie House Museum Trust, Wordsworth Trust and Lakeland Arts Trust as a consortium (CMC³)** being funded until 2022/23⁴ as a National Portfolio Organisation (NPO). During the period covered by this plan we will be making the case for continued NPO investment by ACE in the museum.
3. **To work in close partnership with Carlisle City Council to further reduce Tullie House's dependence on its core support** in a way that delivers long-term financial sustainability and enables Project Tullie to be delivered.

The arrival of the global Covid-19 pandemic from March 2020 has of course had a significant impact on Tullie House. This business plan has been updated to reflect this and our immediate priority is ensuring the survival of the Museum in the short term.

Despite the seismic impact of the pandemic on the cultural and visitor economy, our strategic aims remain unchanged. The capital renewal set out in our *Project Tullie* plan is fundamental to our medium to long-term financial viability. Indeed, in the context of the coronavirus pandemic, *Project Tullie* is arguably more vital than ever. In order to recover from the impact of the pandemic and re-establish Tullie House as Carlisle's pre-eminent visitor attraction it is all the more pressing that we create a visitor experience that is fit for purpose, able to do justice to the City's long history and provide the bedrock for renewing and growing the Museum's non-grant income.

³ Cumbria Museum Consortium

⁴ Extended by one year as a result of C-19

1.2 Vision and Mission

Tullie House Trust's **Vision** is:

"To 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."

Its **Mission** is:

"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."

1.3 Aims and Objectives

At the beginning of 2016 we introduced the *Tullie House Manifesto* and this forms the basis of all our work and, in particular, our 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: the creation of a permanent Costume Gallery to show, for the first time, our world class textile collection and aimed at increasing audiences and providing contemporary interpretation as well as 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.

In 2018 we set out our aims and objectives as follows:

- **Aim 1: Financial Sustainability**

The CMC has secured NPO status from ACE for the period 2018 to 2023, however, Carlisle City Council has reduced its funding in 2020/21, and has indicated that further reductions are likely to follow in 2021/22 and 2022/23. Prior to the pandemic our strategy for dealing with the planned reduction in funding from the local authority was a combination of short-term measures (including revising our admissions policy to grow income and introducing volunteer engagers to our galleries) and the longer-term improvements that *Project Tullie* would enable. This strategy is set out in the following objectives:

- 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

Tullie House Business Plan

- **Aim 2: Community Engagement**

Looking beyond the impact of the pandemic on visitor numbers, 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 the least engaged groups within Carlisle and the surrounding area
- Objective 7: Strengthening our Borderlands offer so that our collections can help people better understand our unique region, Hadrian's Wall and significance of Carlisle as a destination city
- 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 our current Action Plan, Appendix I). The Action Plan includes the ACE CMC commitments, some of which are shared across the consortium.

1.4 Project Tullie

Project Tullie, our masterplan to *transform Tullie House Museum into the creative and cultural heart of the borderlands for the 21st century*, is fundamental to the delivery of this business plan. Although the capital costs fall outside the revenue budgets presented here, the delivery of the project is crucial in our ability to fulfil many of the aims and objectives outlined above, notably:

	Tullie House Objective	Project Tullie Outcome
Objective 1	Develop an organisational focus on generating greater earned income (including catering, retail and admissions)	Significant improvement in visitor experience and facilities, increasing visitor numbers and spend
Objective 4	Actively increase income from trusts, foundations, individuals and corporates	Improvement in the range and quality of activities, providing more fundable opportunities
Objective 5	Focus on developing greater engagement with the Carlisle community	Improved visitor experience and facilities; improved education and community spaces; increased opportunities for co-curation and creative engagement
Objective 6	Continue to work with the least engaged groups within Carlisle and the surrounding area	As above
Objective 7	Strengthening our Borderlands offer so that our collections can help people better understand our unique region, Hadrian's Wall and significance of Carlisle as a destination city	Engaging the community to help redisplay the collections, display of more relevant collections and tell inspiring stories

In Summary, *Project Tullie* has outcomes focused on three themes:

People

Creating a sense of inclusivity and community, being a catalyst for creative engagement

Place

Re-imagining the original purpose of Tullie House as Carlisle's centre of arts, learning and knowledge

Heritage

Revealing and restoring the existing buildings and sharing hidden collections

These themes are founded on:

- growing and diversifying local, regional and national audiences;
- increasing financial sustainability;
- partnership working;
- enhancing the city and region's profile and impact

The following graphic summarises the vision for *Project Tullie*:

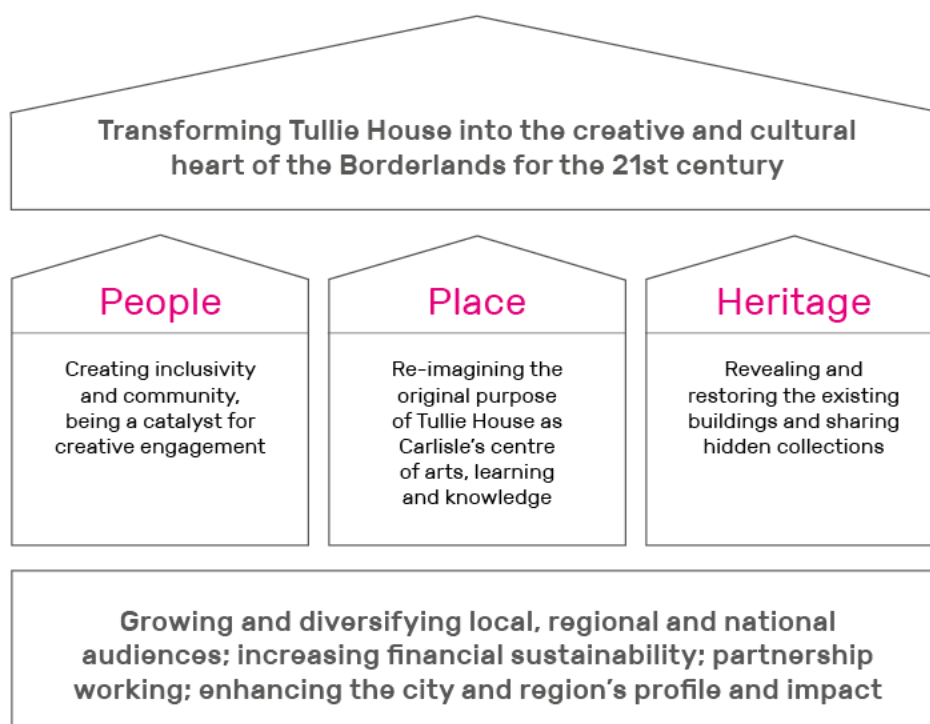


Figure 1

Project Tullie Vision, Outcomes and Foundations

1.5 Business Plan KPIs: Impact of Covid-19

During the period of this business plan Tullie House will grow and develop as an institution, safeguarding its current strengths and improving its financial sustainability, developing new audiences, attracting more visitors and engaging local people and visitors alike.

In order to provide a headline picture of desired change and in order to track progress against 'what success will look like', a range of KPIs has been adopted by the board. The pandemic has had a significant

impact on visitor and income levels and the timescale of the national recovery from this is uncertain. The KPIs have been accordingly updated to reflect the impact of Covid-19 and our plans for recovery:

KPI	Pre-pandemic (2018/19 Actual)	Pandemic year (2020/21 Projected)	Pandemic recovery year (2022/23) (post-Costume Gallery)	By 2026 (post-Project Tullie)
Visitor Numbers	40,743	11,400	47,000	80,000
Learning Programme Numbers ⁵	33,176	10,000	36,575	45,000
Net Promoter Score ⁶	81	81	85	91
Visitor types: increasing the proportion of harder to reach audiences	Facebook Families: 7%	Facebook Families: 7%	Facebook Families: 9%	Facebook Families: 14%
Admissions income (£/% of total)	£130,000 / 7%	£49,000 / 3%	£225,000 / 12%	£500,000 / 21%
Trading income (net) (£/% of total)	£76,000 / 4%	£19,000 / 1%	£118,000 / 5%	£178,000 / 8%
Council funding / contract (% of total)	49%	46%	43%	38%

1.6 Developing our business model: an overview

Tullie House operates a mixed business model, combining earned income from admissions and trading with core contract / grant income from Carlisle City Council and Arts Council England and raised income from various charitable sources.

Looking beyond the short-term impact of the pandemic, proposed changes to the museum and expected changes in the external environment mean that we anticipate both the amount and proportion of these income streams will change. There will be an increased emphasis on growing admissions and trading income, with relatively static (and in some cases reducing) support from elsewhere. Detailed figures are described in the plan and presented in Sections 6,7 and 8. The table on the following page shows how we expect the business model (income and expenditure) to change from the most recent full year to the final year of this plan, taking into account both the impact of the pandemic and the delivery of Project Tullie.

The key working assumptions (which are discussed in more detail in Sections 6 and 7 of this business plan) include:

- Further reductions in Council funding (a total reduction of £100K in the core grant before inflation by 2022/23 *(see Section 6.3 for further discussion of this)*;
- Continued NPO funding from Arts Council England at a standstill level from 2023/24 onwards;
- Reductions in earned income from admissions and trading to 30% of pre-pandemic levels in 2020/21 and 2021/22 reflecting the impact of the pandemic on these income streams in Summer 2020.
- Inflation is included in the business plan projections and is assumed to be 2% per annum.

⁵ Consisting of engagement numbers of schools, families, young people, community, talks and outreach programme

⁶ National measure, from –100 to +100; Tullie House is well above national average

- Future capital income and expenditure on *Project Tullie* is excluded.
- Delivery of the new Costume Gallery in 2020. We had anticipated an increase in annual visitors by c. 10,000 per annum as a result of this, however due to Covid-19 this is no longer the case.
- Revised charging structure with a single Annual Pass Ticket for adults (no concessions) with children free (unless part of a charged-for structured school visits);
- Our planned price rise from £10 to £11 (including VAT) for the Annual Pass ticket in 2020 has been postponed due to Covid-19.
- An increase in the annual ticket price to £14 (including VAT and inflation) for the same ticket after the delivery of *Project Tullie* in 2025
- *Project Tullie* Phase 1 is delivered during this period, with construction in 2024/25 and completion in April 2025;
- No admissions, catering or retail income are included in 2024/25, to reflect the potential need for temporary closure during the *Project Tullie* construction works. *(NB: this is not confirmed or agreed at Trustee level but is a prudent working assumption at this early planning stage);*
- Following the completion of *Project Tullie*, our Primary Scenario illustrates c. 80,000 ticketed visits per annum (with a spike in year 1 of opening). We have also prepared detailed scenarios showing 70,000 and 60,000 ticketed visits per annum.

Summary of Projected Income & Expenditure 2020/21 – 2025/26, Primary Scenario

		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
		Costume & Gallery				Project Tullie	Project
		Opens				Construction	Completion
Inflation		2%	2%	2%	2%	2%	2%
		1.02	1.04	1.06	1.08	1.10	1.13
		Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Footfall		Covid-19 Impacted		206,000	206,000	0	206,000
Ticketed Admissions		10,134	13,719	47,873	48,493	0	84,000
		(30% scenario)					
Income							
Carlisle City Council Management Fee		897,430	882,964	866,205	899,946	917,944	936,303
Other Core Funding		536,523	444,523	444,843	445,169	445,502	445,842
Other Grants & Sponsorship		398,028	163,000	166,060	169,181	177,365	185,612
Admissions		58,812	63,442	249,717	252,886	0	507,955
Trading (net of direct costs)		19,347	33,972	118,216	119,317	1,476	168,873
Learning Income		5,664	11,555	39,288	40,074	0	41,693
Talks and other income/charges		3,978	4,058	13,796	14,072	0	30,500
Interest and Investments		6,000	6,000	6,000	6,000	500	1,000
Central Charges		38,500	51,000	51,000	51,000	51,000	51,000
Total Museum Income		1,964,282	1,660,514	1,955,125	1,997,645	1,593,787	2,368,778
CBD Council Gross Income		93,592	95,040	96,518	98,025	105,562	107,630
Total Income		2,057,874	1,755,554	2,051,642	2,095,669	1,699,349	2,476,407
Expenditure							
Staffing Costs		£988,165	£898,826	£929,525	£948,116	£902,903	£1,065,985
Exhibitions and Projects		631,627	297,890	300,950	304,071	307,255	310,502
Utilities		114,042	154,669	160,856	167,290	86,991	180,941
Operational expenditure		406,403	457,701	467,490	476,816	483,283	499,862
Central Costs Allocated to Trading		39,785	95,874	97,792	99,748	105,559	107,670
Capital Renewal Allowance		0	0	0	0	0	25,000
Total Museum Expenditure		£2,180,022	£1,904,960	£1,956,613	£1,996,041	£1,885,990	£2,189,960
CBD Council Costs		£78,357	£95,000	£96,900	£98,838	£100,815	£102,831
Total Expenditure		£2,258,379	£1,999,960	£2,053,513	£2,094,879	£1,986,805	£2,292,791
Surplus (Deficit)		(£200,505)	(£244,406)	(£1,871)	£791	(£287,456)	£183,616
Transfer from Reserves (restricted funding)		270,608	0	0	0	0	0
Final position after planned transfer		70,103	(244,406)	(1,871)	791	(287,456)	183,616
Contingency Allowance		£0	£0	£0	£0	£0	£25,000
Contribution to Reserves		£70,103	(£244,406)	(£1,871)	£791	(£287,456)	£79,308
Inv. in Project Tullie later phases		£0	£0	£0	£0	£0	£79,308

Note on capital expenditure

- Capital income and expenditure on *Project Tullie* is *excluded*; we have not included estimates of future capital costs given their likely scale and provisional nature of amounts and timing.

1.7 Reserves during the period of the business plan

The pandemic has put paid to the projected gains and savings we had planned and will place additional, considerable strain on our reserves over the next 18 months. Our reserves – combined with the increase in income we had projected before the pandemic – would have been just sufficient to cope with the planned cuts in our core funding by the Council which were due to take place this year and the reduction planned in 2021/22.

However we are now projecting a reduction in earned income of £320k in 2020/21. Whilst this has been mitigated to some extent by our application for the maximum amount of support available under the CRJS, a rates discount and the fact that all non-essential activity and expenditure was suspended from mid-March to the end of June, we are still projecting a final operating result less than originally expected. Moreover, with the end of CJRS in October 2020, but no end in sight to social distancing and other business-limiting safety measures, we expect to make a significant loss next year of c.£250k, compared with a break-even position originally projected.

Tullie House's "free" reserves at the start of this year were £200k. This is already below the minimum target level set by the trustees of £250k. Other reserves are not available to use to cover losses, being represented either by fixed assets (£450k), restricted funds (£360k) or amounts designated by trustees for progressing *Project Tullie* (£75k).

The combined effects of the loss of income this year and next mean that Tullie House is no longer in a position to afford the previously planned cut in core funding of £50k in 2021/22, let alone the further cut of £150k proposed by the Council in 2022/23. If these cuts go ahead, by the end of 2021/22 Tullie House will have negative free reserves of £80k and, by the end of 2022/23, negative free reserves of £180k (if the full £150K cut in Council funding is implemented that year). Even without the proposed cut of £50k in 2021/22 there will be negative free reserves of £25k.

Unless the Council is prepared to reconsider and reverse these planned cuts in core funding, without other grant funding, the trustees will have to abandon *Project Tullie* in order to free up designated reserves to cover these losses. However, without the *Project Tullie* investment, losses would continue into the future. Free reserves would remain below the minimum level set by trustees which would trigger a "critical incident" report to the Charity Commission early in 2021 as the Trust would face significant uncertainty regarding its ability to remain a going concern. The Trust has no fixed assets that it can sell, nor an endowment fund to fall back on.

Post Project Tullie

Following the completion of *Project Tullie*, in the event of reaching our primary scenario target of an average of 80,000 ticketed visits each year, it is anticipated that the Museum will take about six years after the completion of *Project Tullie* to replenish its reserves to current levels. This allows for elements of annual surpluses to be allocated to contingency and investment in future phases of *Project Tullie*, as well as reserve replenishment. For this reason, it is important for the Trust to be able to build a model which delivers surpluses to support these three key ambitions.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
					Construction Closed	Project Tullie Completion
Surplus/(Deficit)	(200,505)	(244,406)	(1,871)	791	(287,456)	183,616
Planned transfer from reserves (restricted funding)	270,608	0	0	0	0	0
Final position after planned transfer from reserves	70,103	(244,406)	(1,871)	791	(287,456)	183,616
Contingency allowance	0	0	0	0	0	0
Contribution to reserves	70,103	(244,406)	(1,871)	791	(287,456)	183,616
Investment in Project Tullie later phases	0	0	0	0	0	0
Unrestricted cash b/fwd	197,661	167,764	(76,601)	(78,854)	(78,876)	(361,585)
Profit/(Loss) in the year	70,103	(244,406)	(1,871)	791	(287,456)	183,616
Additional designation for Project Tullie	(100,000)					
Expenditure from prior year allocation	0	40	(382)	(813)	4,747	4,799
Unrestricted cash e/fwd	167,764	(76,601)	(78,854)	(78,876)	(361,585)	(173,171)
Designated and fixed asset reserves b/fwd	557,264	837,635	787,635	737,635	687,635	637,635
Addition (depreciation) to fixed assets in the year	180,371	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Additional designation for Project Tullie	100,000	0	0	0	0	0
Expenditure from prior year allocation	0	0	0	0	0	0
Designated and fixed asset reserves e/fwd	837,635	787,635	737,635	687,635	637,635	587,635
Restricted b/fwd	279,826	84,219	84,219	84,219	84,219	84,219
Profit/(Loss) in the year	(195,607)	0	0	0	0	0
Expenditure from prior year allocation	0	0	0	0	0	0
Restricted e/fwd	84,219	84,219	84,219	84,219	84,219	84,219
CBDC designated b/fwd	80,291	95,526	95,526	95,526	95,526	95,526
Profit/(Loss) in the year	15,235					
CBDC designated e/fwd	95,526	95,526	95,526	95,526	95,526	95,526
Total reserves b/fwd	1,115,042	1,185,144	890,779	838,526	788,503	455,794
Total movement	70,102	(294,365)	(52,253)	(50,022)	(332,709)	138,415
Total reserves e/fwd	1,185,144	890,779	838,526	788,503	455,794	594,209

Notes on the above table

- **2020/21, 2021/22** – Impact of Pandemic: reduction in earned income, proposed additional council cuts
- **2022/23** – Deficit, resulting from the impact of the final year of the projected Council grant reduction (assumed to be -£50K)
- **2024/25** - Lost income during construction requires unrestricted reserves to underwrite the museum's operation; not possible in the light of proposed Council cuts;
- **2025/26 onwards** - Reserves begin to be rebuilt to sustainable levels (as per Charity Good Governance Guidance) from post-*Project Tullie* surplus;
- **Unrestricted reserves (excluding CBDC)** will become negative in 2021 in this scenario.

2. Context: Pre Covid-19 Audiences, Commercial Overview, Governance and Staffing

2.1 Visitor numbers, market penetration

Cumbria Tourism data suggests that 22.5% of visitors to the Carlisle Region attended a Museum (compared to 14% of visitors to Cumbria as a whole), while Audience Agency research suggests that 25% of residents within a 30-minute drive of Carlisle city centre have visited a museum in the last 12 months.

In 2017/18 the Museum attracted 43,370 paying visitors. This equated to only 1% penetration of the market for visitors to the Carlisle Region with a propensity to visit a museum. There was a much higher penetration of local audiences, around 29%, assuming local visitors visited on average twice during the year.

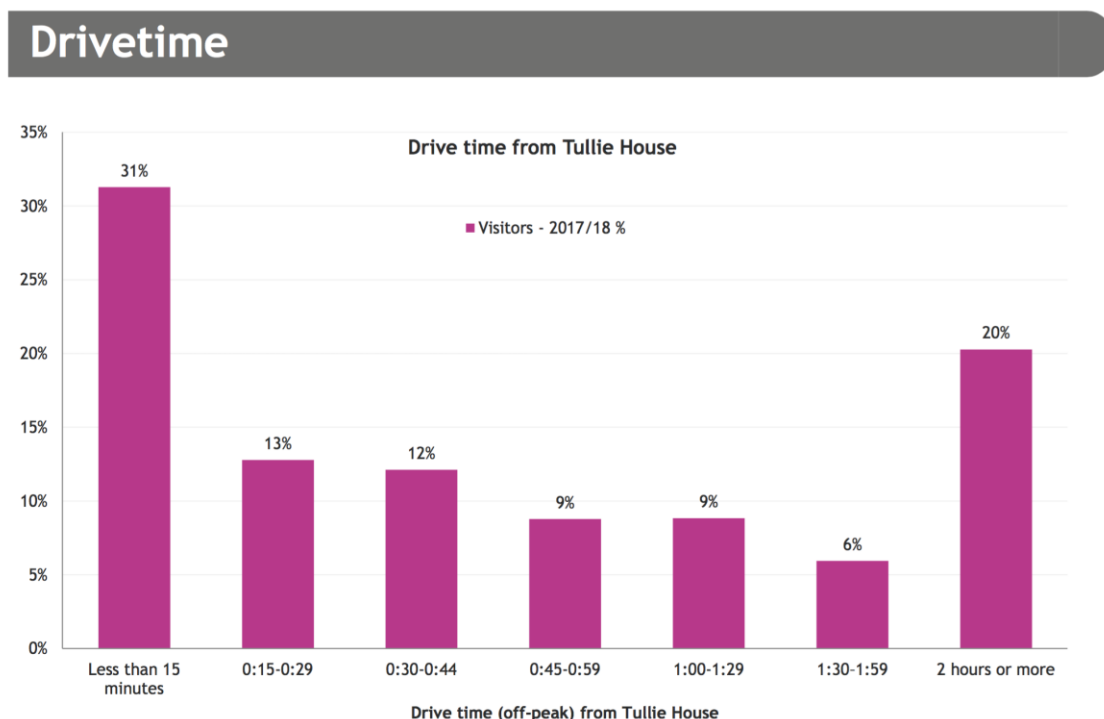
Whilst these statistics clearly show the potential that the museum has to attract more visitors it should also be noted that cross-referencing data from two sources can result in misleading assumptions. Tourists, for example, who are 'walking the Wall' may generally visit museums but are unlikely to be motivated to do so when undertaking a time driven walking expedition.

2.1.1 Local visitors

Carlisle is the urban capital of the county of Cumbria with a population estimated at 107,000. The city is the centre of an economic region serving 500,000 people who live in Cumbria, Northumberland and Southern Scotland.

Tullie House is a well-used local resource with a good penetration of local audiences.

Audience Agency analysis of 2017-18 Gift Aid data suggests that around 44% of ticketed visitors were from within a 30-minute Drive Time.



This represents a conversion rate of the local population of 14% (7.3% assuming 2 visits per annum). If we consider the section of the population who are likely museum attenders, the penetration rate is 57% (28.7% assuming 2 visits per annum).

Audience breakdown and market penetration, 2017-18

Visitor penetration rates	Breakdown (%)	Paying visits (#)	Total Market size (#)	Penetration Paying (%)	Museum Attenders (%)	Likely Market size (#)	Museum Attenders Penetration (%)
Total visitors (current)	100.0%	43,370					
Visitors from beyond 30 mins	56.00%	24,287	9,394,000	0.26%	22.5%	2,113,650	1.1%
30 minute DT (Carlisle City council residents +) (Excludes U15s)	44.0%	19,083	130,536	14.62%	25.5%	33,234	57.4%
Local penetration rates assuming 2 x visits p.a. per visitor				7.31%			28.7%

2.1.2 Visitors to Carlisle

Tullie House already has a wide reach in attracting tourism visitors to Carlisle. Analysis of postcodes of ticketed visitors to the museum who opted to Gift Aid admissions during 2017-18 shows a national spread across the UK:

Pinpoint map

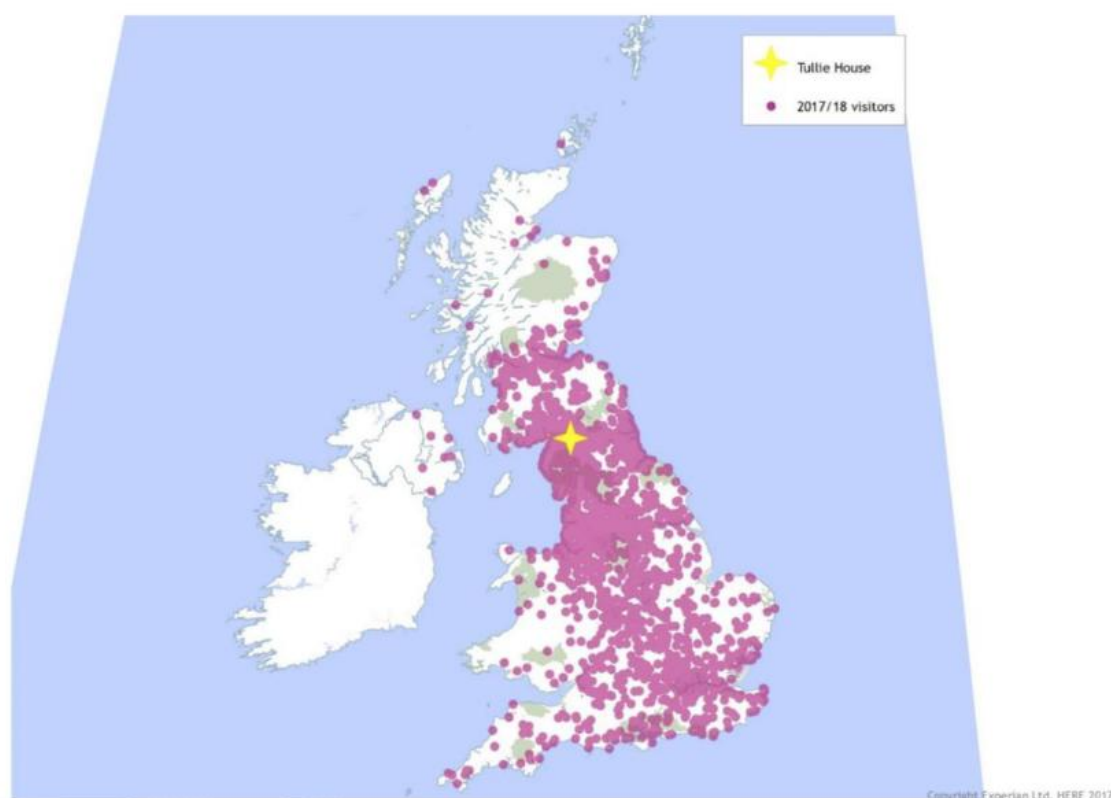


Figure 2
Map showing postcodes of visitors to Tullie House in 2017/18 (Audience Agency research)

Analysis of the same data revealed that 35% of visitors came from further afield than a 1hr drive time and 20% came from more than 2 hours drive time from Carlisle.

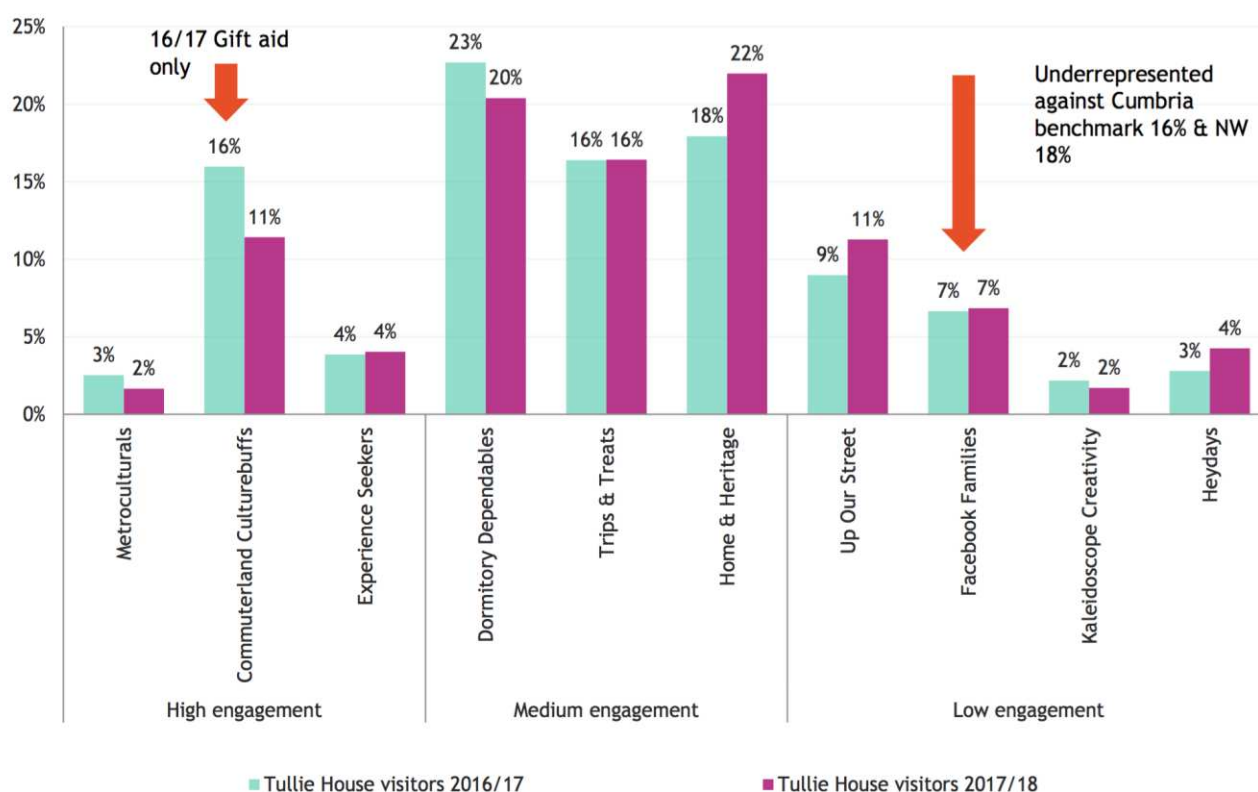
Nevertheless, with an improved offer, Tullie House has the potential to be a much more significant tourism attractor than is currently the case.

2.1.3 Audience Profile

Audience Spectrum segments the whole UK population by their attitudes towards culture, and by what they like to see and do. There are 10 different Audience Spectrum profiles that can be used to understand who lives in a local area, what current audiences are like, and what could be done to build new ones.

Audience Agency analysis of ticketed visitors to Tullie House by postcode reveals that the museum is successful in appealing to demographics with a high and medium propensity to engage with museums.

Audience Profile - Ticketing (postcode analysis)



Looking at the available data for 2017/18 on the Tullie House audience, the five most highly represented segments are:

- Dormitory Dependables
- Trips and Treats
- Home and Heritage
- Commuterland Culturebuffs
- Up our Street

In addition, there is great potential to focus on 'Facebook Families' which were represented well in the previous year and are an audience present in Carlisle which Tullie House would like to attract more often, despite the challenges that this audience have in attending cultural venues (*See Appendix III for a description of these audience segments*).

In the future, Tullie House requires its interpretation to offer a solid family-friendly experience for the local and loyal 'Trips and Treats' audience and reach out to attract more 'Facebook Families'. With good planning, this can be achieved while continuing to cater to the needs of the local and visiting 'Dormitory Dependables', local 'Home and Heritage' and 'Up our Street' and visiting 'Commuterland Culturebuffs'.

2.2 Paying visitors

Recent Performance

In 2018/19 Admissions and associated Gift Aid accounted for £125,000 from 40,743 ticketed visitors.⁷

In 2019/20 the equivalent figure was £137,000 from 53,855 visitors.

In 2019/20 the split of ticketed visitors was as follows:

Ticket type	% of total ticketed admissions
Annual Ticket purchase	11.5%
Day Ticket	35.6%
Annual Ticket Re-admission (free)	19.6%
Child (Free)	25.7%
Other Free of Charge	7.7%

Future assumptions

In formulating the projections for visitor income in this plan, we have assumed the same split between paying and free ticketed visitors. However, the Museum has now moved to the Annual Pass Gift Aid model, which has resulted in the separate day ticket being removed. This will serve to:

- Increase yields on ticket sales;
- Simplify admissions charges for visitors (research reported confusion about the different ticket types);
- Increase income from tourist visitors with minimum impact on local audiences (many of whom already purchase annual tickets)

We will continue to offer free admission for under 18s (see Section 6.1 for rationale).

In the short term we have had to revise our assumptions on admissions to c.30% of our previous projections:

Year	Previously projected ticketed visits	Revised ticketed visits projections due to Covid-19
2020/21 (Including lockdown period)	47,700	10,100
2021/22	45,700	13,700

⁷ Higher visitor numbers in 17/18 was a result of the successful Percy Kelly exhibition that year.

2.3 Other commercial assumptions

Detailed analysis of future trading income is included in Section 6.2 below.

Shop

The museum shop will continue to be run in-house. Some small-scale improvements were made in 2019/20, with significant improvements to be made following *Project Tullie*. These will include better positioning, presentation, visibility and sightlines, combined with secondary outlets throughout the building and commercial stock based on aspects of the museum's collections that will be revealed through *Project Tullie* (for example natural history and fine and decorative arts).

Café

A third-party operator currently runs the Museum's café (see 6.2.2). The café recently benefited from a light-touch makeover and will continue to be run by an independent operator.

At the time of writing, after eight weeks of re-opening, the Museum's earned income is in line with others in the sector at around 30% of pre-pandemic levels. Our café and shop are open but not reaching break-even figures at current visitor levels.

Following the delivery of *Project Tullie* there will be an improved and more focused catering offer, including a setting in line with customer expectations, better use of the garden and the development of a seasonal evening bar offer. This will enable the café to benefit from increased visitor numbers and conversion rates, as well as being a local attraction in its own right.

2.4 VAT

Tullie House is VAT registered and has opted out of the Cultural Exemption Scheme. VAT is charged on all admissions, ticketed activities, trading activities and service agreements with the Local Authority. As a result, all VAT incurred on expenditure is recovered.

2.5 Governance and management

In 2011 Carlisle City Council transferred the management of Tullie House to a new charitable trust – Tullie House Museum and Art Gallery Trust. At the same time the employment contracts of Tullie House staff were transferred from the City Council to the Trust. 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). All receipts from trading (excluding admissions) are received by the trading company and any profits are gift-aided back to the museum.

The Trust operates and manages Tullie House Museum and Art Gallery – its buildings and collections – on behalf of the City Council.

The City Council continues to provide core funding to the Trust, in the form of annual grants, which are agreed on the basis of 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.

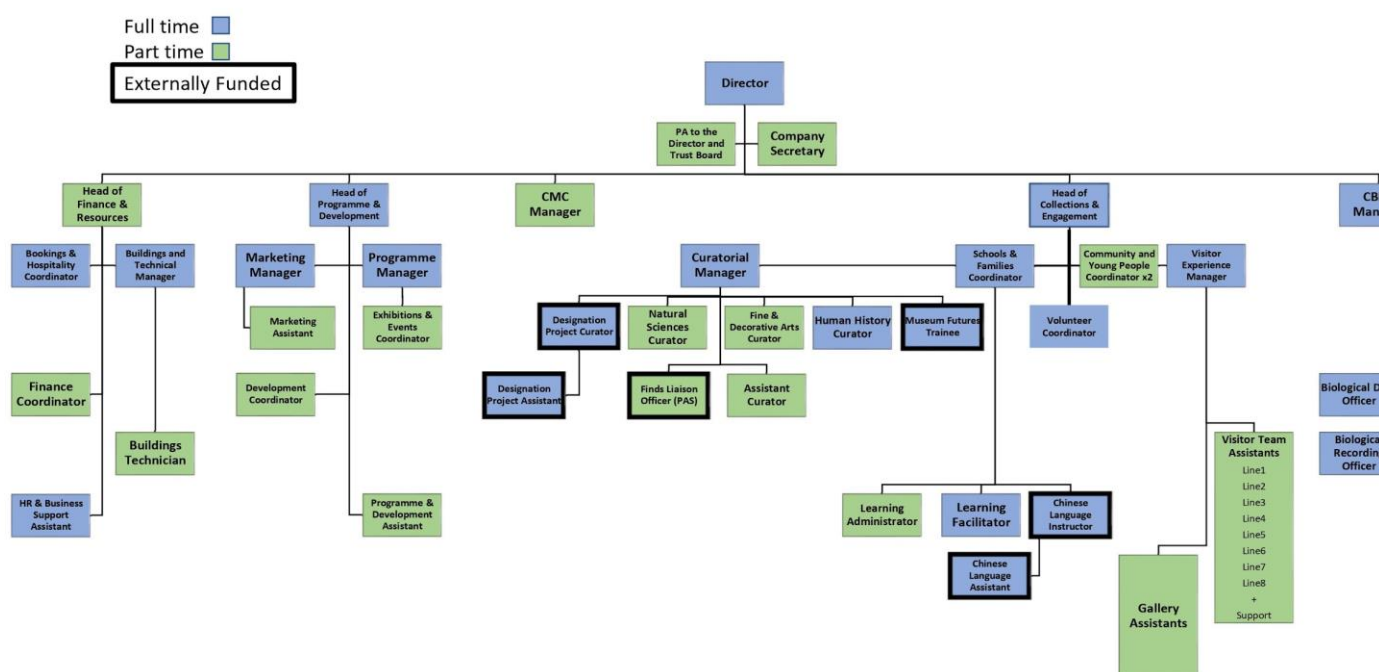
The Board of Trustees is comprised of between 6 and 15 members (currently 12), including two appointed by the City Council, and the Director of Tullie House. The Trustees agree the Trust's business strategy, business plans and key museological and administrative policies. They also agree financial and risk management policies and review performance. There are three board committees; an audit and risk committee comprising four Trustees which oversees financial risk and controls, a development committee comprising six Trustees which is examining new methods of raising income and donations and an appointments and remuneration committee comprising three Trustees which reviews the Trust Director's pay and performance and makes recommendations on new Trustee appointments.

2.6 Staff structure

There are currently 43 staff full and part-time at Tullie House, with an FTE of 35.5.

During Lockdown 24 staff were furloughed plus an additional 17 casual workers (those on zero hour contracts).

The following chart shows the current management structure at the Museum:



Following significant budget reductions in local government spending since 2010 (a reduction of more than £400,000 per annum imposed on Tullie House over recent years) there are a number of areas of work in which the Museum is in need of additional capacity:

- Fundraising: lack of dedicated staff resource impacts on the ability of the Tullie House to develop philanthropic income and maximise external funding;
- Marketing and digital: lack of capacity and expertise affects ability to reach new audiences, particularly those from priority segments with a lower propensity to engage with culture;
- Curatorial and Learning: especially linked to the development of *Project Tullie*
- Resource Management: especially with finance in light of the capital programme, ACE NPO management and complex grant awards
- Volunteer Management: the Museum now has a part time Volunteer Coordinator but will need more capacity in future as volunteer numbers increase.

The nature of the Tullie House estate means that staff are housed in small offices in different locations within the museum. Many of the spaces are not fit-for-purpose and, as a whole, the working environment inhibits rather than facilitates cross-team collaboration.

3. Context: Local and National Policy

Over the coming years Tullie House and *Project Tullie* will contribute to a wide range of local, regional and national strategic objectives held by local and national government:

3.1 Carlisle City Council, *Carlisle Plan 2015-18 (2015)*

The City Council's vision, as set out in the Carlisle Plan, is to:

"Improve the health, wellbeing and economic prosperity of the people of Carlisle"

The second of the five priorities in the Plan is to:

"Further development of sports, arts and cultural facilities to support the health and wellbeing of our residents"

The Plan describes how,

*"This will help to make Carlisle an attractive prospect to investors and new residents. We are committed to supporting the city centre and visitor economy through our vibrant events programme, and promoting the city's culture and heritage."*⁸

3.2 Carlisle City Council, *Carlisle District Local Plan 2015-30 (2015)*

The Local Plan's vision for Carlisle District in 2030 is for a place that,

*"People are attracted to visit, live, work, invest and importantly remain... a key driver of which is the setting of the historic City."*⁹

Project Tullie will deliver against a number of the Local Plan's Strategic Objectives:

Economy:

*Measures to enhance [Carlisle's] role as a sub-regional...cultural destination.*¹⁰

Historic Environment:

*To conserve, enhance and promote Carlisle's heritage and important historic landscapes whilst ensuring that development proposals respect and enhance Carlisle's historic assets.*¹¹

Tullie House will also play a significant role in delivering two of the policies outlined in the Local Plan:

Policy SP 7 - Valuing our Heritage and Cultural Identity

Opportunities will also be pursued, to aid the promotion, enjoyment, understanding and interpretation of both heritage and cultural assets, as a means of maximising wider public benefits and in reinforcing Carlisle's distinct identity.

⁸ *Carlisle Plan 2015-18*, p4

⁹ *Carlisle Plan 2015-18*, p2

¹⁰ *Carlisle Plan 2015-18*, p12

¹¹ *Carlisle Plan 2015-18*, p14

This policy recognises that, *“Key elements which contribute to the distinct identity of Carlisle District, and which will therefore be a priority for safeguarding and enhancing into the future, include: key cultural assets encompassing parklands, landscapes, museums, art galleries, public art, local food and drink and local customs and traditions”*

In addition, the Council will, *“promote heritage-led regeneration including in relation to development opportunities in the City Centre;”*

Economic Policy EC9 - Supporting Arts, Culture, Tourism and Leisure Development

The tourism, arts, cultural and leisure sectors are vitally important to Carlisle as generators of economic prosperity, employment and enjoyment. It is essential that the potential of these sectors is promoted and supported to ensure the continued growth of the economy and cultural horizons of the District” (Economic Policy EC9).¹²

3.3 Carlisle Culture: Strategic Framework for Culture

Publication of the Strategic Framework for Culture is expected in 2020 / 2021 and Tullie House will align itself with the City’s ambitions for cultural development.

3.4 Borderlands

The ‘Borderlands Initiative’ was established in 2013 to facilitate cooperation across the Scotland-England border in recognition of the interrelationship (economically and socially) between these areas. The Initiative was jointly created by Carlisle City Council, Cumbria County Council, Dumfries and Galloway Council, Northumberland County Council and Scottish Borders Council in order to exploit and develop mutual economic and social links, and to develop a common ‘voice’ to influence the UK and Scottish Governments.

The ‘Borderlands Inclusive Growth Deal’ will attract investment into the area, involving the development of projects to be presented to both the UK and Scottish Governments in a bid for capital funding.

Carlisle is a key point in the Borderlands narrative – the region’s only City and at the crossroads of two of the identified growth corridors: the Western Borderlands Corridor and the Southern Borderlands Corridor

Borderlands Inclusive Growth Proposition (2018)

The Borderlands Inclusive Growth Proposition includes the desire to create an agile platform upon which to diversify the region’s economic bases including tourism and learning.¹³

One of the Proposition’s five key strategic themes is:

“Investing in both our people and places to build on the traditional strengths of our towns and the Historic City of Carlisle, connecting the heritage of our proud, if at times controversial, past - symbolised by physical structures such as the Citadel and Hadrian’s Wall, with an agile and flexible future making the most of cross-border collaborations.”¹⁴

¹² Economic Policy EC9 supporting Arts Culture, Tourism and Leisure Development

¹³ Borderlands Proposition, September 2017, p1

¹⁴ Borderlands Proposition, September 2017, p2

3.5 Cumbria Local Enterprise Partnership (LEP): *The Four-Pronged Attack: Cumbria Strategic Economic Plan 2014-2024*, the Local Industrial Strategy and the Cumbria Cultural Strategy

Cumbria's strategic economic priorities are identified in Cumbria's Strategic Economic Plan (SEP).¹⁵ One of the LEP's priorities is, "A vibrant rural and visitor economy".

There is cross over between the SEP and the newly produced Local Industrial Strategy for Cumbria (LIS). The LIS, published in 2019, identifies a 10 year vision for the county. This vision includes the need to continue the '...role of Cumbria as a place to visit supporting a thriving tourism industry, which in turn supports the cultural and other assets our residents can benefit from.' The LIS identifies 'assets' and within its subthemes specific priorities which will deliver 'productivity and earning power'. Under Environmental Assets culture is closely connected with natural capital: 'We have a strong cultural offer closely linked to and inspired by our world class landscape'. Whilst within the 'Places' subtheme, Priority 2 links economic growth to young people and culture: 'Research carried out by the LEP and others has shown that young people are particularly interested in the cultural offer...' This is further recognised in the LIS action schedule: 'Improving the cultural and creative offer for residents and visitors - including cultural facilities, activities and festivals (building on the potential Cultural Strategy for Cumbria) and better joined up promotion.'

The LEP, in conjunction with Cumbria County Council, has published a strategy to develop the Cultural and Creative Sector in the County. The strategy has been developed following significant consultation with a wide a range of businesses and organisations in the creative industries and art and cultural sector. The strategy promotes Cumbria as '*England's Natural Capital of Culture and Creativity*' based on a thriving creative and cultural offer in an amazing landscape. It has been designed to promote and develop the existing exceptional arts and cultural offer and to encourage further growth in the creative industries. The strategy has been developed in consultation with all partners and has widespread support in its ambition and strategic priorities. Tullie House is identified as being a major strategic asset in helping grow the Cumbria economy with *Project Tullie* highlighted as a 'case study' on page 28.

3.6 Cumbria County Council

Cumbria County Council recognises the value that culture plays in the economy and in the health and wellbeing of the community. In addition to incorporating arts and culture into the draft Public Health Policy, the County has been instrumental (via leadership and funding) in setting up the Cumbria Arts and Culture Network, now a sector led voluntary organisation that seeks to advocate on behalf of the county's vibrant and resourceful cultural economy and support its development. The Network's mission is to work together to deliver a diverse, innovative, resilient and high-quality cultural offer in Cumbria, supporting economic development and wellbeing through high levels of participation, engagement and social inclusion.

Tullie House is not only a founding member of the Network it is also a member of the Steering Group.

3.7 University of Cumbria

Tullie House has a Memorandum of Understanding with the University of Cumbria and works collaboratively on a range of projects covering arts, history, creative writing, teaching, zoology, conservation and tourism. The University's Strategic Plan 2017-2020 entitled *Enriching People Through Place* aims to "...create spaces where our students want to spend time and enhance partner environments. We'll improve connections with off-campus learners, and to the culture that's already

¹⁵ Cumbria Local Enterprise Partnership, *The Four Pronged Attack: Cumbria Strategic Economic Plan 2014-2024*, 2014

thriving in each location, looking beyond our campuses to link our students with the rich array of arts, culture and adventure on offer...”

Tullie House has ensured that the University of Cumbria is a key partner in the *Project Tullie* masterplan.

3.8 Northern Powerhouse

The Northern Powerhouse strategy aims to address regional inequalities in the United Kingdom, particularly focusing on the historical lag in productivity in the North of England. The Northern Powerhouse is orientated towards improving infrastructure between cities and towns in the North, fostering entrepreneurship, and building on the strengths of its economies to improve its economic potential.

Cities such as Carlisle are identified as key enabling economies with complementary strengths that can contribute to the Northern Powerhouse agenda, including Carlisle with its sectoral strengths in tourism, retail, logistics and its good road and rail links.

Project Tullie forms part of this agenda as a key asset for developing tourism in the City and region. A Northern Powerhouse Culture group has been established, of which Tullie House is a member.

3.9 Arts Council England: *Achieving Great Art and Culture for Everyone*

Developing and renewing Tullie House, its programmes and its organisation will contribute to all 5 of ACE’s 10-year goals in *Achieving Great Art and Culture for Everyone*:

- Goal 1: Excellence is thriving and celebrated in the arts, museums and libraries.
- Goal 2: Everyone has the opportunity to experience and be inspired by the arts, museums and libraries.
- Goal 3: The arts, museums and libraries are resilient and environmentally sustainable.
- Goal 4: The leadership and workforce in the arts, museums and libraries are diverse and appropriately skilled.
- Goal 5: Every child and young person has the opportunity to experience the richness of the arts, museums and libraries.

In 2020 Arts Council produced its new strategy, which Tullie House is now starting to work towards.

4. SWOT

<p>Strengths</p> <ul style="list-style-type: none"> - Strong footfall - Collections, particularly Designated Natural Sciences and Hadrian's Wall archaeology - Council supportive of the museum - Cumbria LEP Creative & Cultural Panel, County Council Arts & Culture Network and Carlisle Culture - Culture embedded in public health agenda - Manifesto sets clear intent around co-creation, diversity and income generation - County repository for archaeology - CBDC - Some new acquisitions, CAS funded - Learning programme strong (but facilities inadequate), success of YP is important for ACE - Partnership working – Cumbria Museums Consortium, University, BM, Prism Arts, Borderlines etc. - Strong stakeholder support for <i>Project Tullie</i> 	<p>Weaknesses</p> <ul style="list-style-type: none"> - Brand – still considered part of LA / not a charity - Paywall still an issue for some - Lack of awareness among visitors of the full range of activities of the museum - 'Not for me' attitude amongst a part of the local population - Carlisle not necessarily perceived as a City of Culture - Staff capacity - Current displays are in one continuous gallery therefore incremental / small scale improvements difficult - Current galleries don't make it easy to add collections due to way they are planned / themed - Storage poor and in the wrong places - Not set up to be a volunteer museum - Office space an issue - Small membership scheme - Learning facilities inadequate / capping income opportunities. Income covers direct but not staff costs
<p>Opportunities</p> <ul style="list-style-type: none"> - Footfall conversion - Crosby Garret effect (2011) showed it is possible to generate interest and funding (£2m raised) - Creating a brand for Carlisle as a great place to live/stay - Opportunity around Borderlands – funding and Tullie House brand development - Getting more on display, Costume Gallery, and <i>Project Tullie</i> as phase 1a - Newly designated Natural Science collection - Developing stories / engaging communities - Make the Carlisle-ness of the Museum more visible - Opportunities to develop catering - Retail only breaks even – opportunities to improve - Volunteering a big opportunity - World heritage site / UNESCO brand - Library / art school heritage represents a potential opportunity - Further expansion of the Patron Scheme - Carlisle Culture strategic approach to developing investment in city - CBDC with Natural Science collections 	<p>Threats</p> <ul style="list-style-type: none"> - Funding reduction from the Council - Support already cut from £1.2m going down to £800k - Staff burnout due to lack of resources - Succession issues - Staff capacity

5. Programme overview

This section provides an overview of how our main programme activity will develop over the next five years in pursuit of our aims and objectives.

5.1 Project Tullie Masterplan

5.1.1 Summary of Project Tullie Masterplan

In summer 2018, following the award of a Resilient Heritage Grant by the Heritage Lottery Fund (now NLHF), Tullie House appointed a consultant team comprising of Carmody Groarke (architects) and Counterculture (business planning) to work with staff and trustees on the development of the *Project Tullie* Masterplan.

The masterplan, developed and costed to RIBA Stage 1+, was completed in July 2019. The masterplan developed a brief for the long-term development of the Museum and its estate:

- Foregrounding the *Tullie House Manifesto* vision and developing a clear brand
- Building audiences and improving the visitor experience
- Enabling more community and learning activity
- Developing commercial income: Tullie House as a destination
- Unlocking the estate: circulation, visibility
- Revealing historic collections
- Revealing historic buildings and interiors
- Sustainable and resilient staffing to match the ambitions of the Manifesto

A comprehensive series of interventions is proposed in the masterplan to address:

- Collections displays and interpretation
- Visitor experience
- Circulation and access
- Commercial facilities
- Learning and community facilities
- Collections management and storage
- Staff accommodation and facilities
- Signage and wayfinding, relationship with the surrounding urban fabric and townscape

The masterplan acknowledges that a phased approach is required to address these improvements due to the collective cost of the proposals. It is our ambition to work towards the delivery of Phase One, as outlined below, in the period of this business plan.

5.1.2 Summary of Phase 1

Phase One of *Project Tullie* delivers a wide range of physical improvements and organisational, visitor and programme outcomes.

Summary of first phase physical improvements:

- Improved entrance with single main entrance/exit
- Remodelled central welcome area with enhanced visibility of collections and adjacent renewed retail offer

- Refurbished and expanded catering and events space, with direct access to garden terrace and independent entrance for out of hours use
- Ground floor collections store to become Natural Sciences Gallery
- New build 'Garden Gallery' to provide vertical circulation at ground and first floor level along with new Gallery space and a lift for people and artworks. Access to 'Secret Garden' to the north of the museum also provided
- Refurbishment of 1990s galleries on the first floor
- Restoration of 'hidden' 1893 art galleries on the first floor
- New fit for purpose accessible learning spaces

5.1.3 Cost

The estimated cost of Phase One of *Project Tullie* is £16.8m (RIBA 1 cost estimate). A detailed cost plan is included in the masterplan.

5.1.4 Programme

A detailed programme for *Project Tullie* is included in the masterplan. The top level of the project timeline is as follows:

	2021-22	2022-23	2023-24	2024-25	2025-26
Development & Fundraising					
Procurement and Mobilisation					
Construction					
<i>Project Tullie</i> , Phase One, opens					

5.1.5 Outcomes

Phase One of *Project Tullie* delivers a range of outcomes against Tullie House's Strategic Objectives.

	Tullie House Objective	Project Tullie Outcome
Objective 1	Develop an organisational focus on generating greater earned income (including catering, retail and admissions)	Significant improvement in visitor experience and facilities, increasing visitor numbers and spend
Objective 4	Actively increase income from trusts, foundations, individuals and corporates	Improvement in range and quality of activities, providing more fundable opportunities
Objective 5	Focus on developing greater engagement with the Carlisle community	Improved visitor experience and facilities; improved education and community spaces; increased opportunities for co-curating and creative engagement
Objective 6	Continue to work with least engaged groups within Carlisle and the surrounding area	As above
Objective 7	Strengthening our Borderlands offer so that our collections can help people better understand our unique region, Hadrian's Wall and significance of Carlisle as a destination city	Redisplay of collections, display of more collections

5.1.6 Relationship to the financial projections in this plan

The capital cost of the works is excluded from the revenue business plan and cash flow. It will be treated as a stand-alone project, with the investment being capitalised on the accounts of the Trust as "leasehold improvements" and depreciated over the period of the lease.

This approach means that the income and expenditure projections of the Trust can be read from year-to-year on a like-for-like basis without the distortion that would be caused by large capital income and expenditure items.

5.1.7 Capital funding: NLHF and Carlisle City Council

The Museum plans to submit its Lottery application for Project Tullie as soon as the NLHF re-opens its funding streams after the pause brought about by the pandemic.

However, in order to deliver such an ambitious and transformative scheme the NLHF will expect to see a significant capital contribution from the owners of the collections and the building – the Council. We are therefore requesting a capital contribution from the Council of no less than £3m spread over three consecutive years commencing 2021/22 .

We recognise that this is a significant ask for the Council but, in context, it is less than 20% of the overall scheme and will lever £14m into the project and therefore the Carlisle economy. It therefore represents considerable value for money. We also believe that this support will be vital to our success with our NLHF bid as it will demonstrate the Council's support for the wider economic and social benefits to Carlisle that Project Tullie will bring.

This level of support will ensure that *Project Tullie* maintains momentum and that the long -term future of the Museum is secured. Without this investment, survival in the short term will preface continued financial challenges in the years to come and will be a significant opportunity lost.

5.2 Exhibitions and displays

5.2.1 Summary of aims of exhibitions programme

A new exhibitions strategy will be produced in 2021. In the meantime, temporary exhibitions are programmed on the basis of nine interlocking principles:

1. targeted at our recognised audiences (families, young people, over 50s, digital audiences)
2. consider the Creative Case for Diversity, be accessibility and ethically sound, consistent with the aims and objectives of the Trust's Manifesto
3. reflect the museum's collections (art, archaeology, social history and natural sciences) and / or the collecting themes (landscape, people, environment and collectors), or
4. as part of the museum's educational role illustrate areas of human endeavour / the natural world that cannot be easily seen in Cumbria (e.g. engineering, ethnography, science, technology and medicine) or,
5. consider income-generating opportunities. Income generation should not be the key driver but should be a high priority
6. be produced to a high quality, reflecting the vision of the Trust and the standing of Tullie House as a nationally important, regional museum

Exhibitions can...

7. occasionally be challenging. The museum has a key responsibility within its constituency to be educational, to raise awareness and to stretch people's imaginations and understanding
8. occasionally be research driven using information from our own collections or from partner organisations
9. focus on individual artists or makers, or be group exhibitions

5.2.2 Summary of the temporary exhibitions programme 2020-2023

The Temporary Exhibitions Programme for calendar year 2020 and 2021 is included as Appendix II.

5.2.3 Plans for improvements to the permanent displays

5.2.3.1 *The Costume Collection at Tullie House (previously 'Dressed to Impress')*

In 2020 the Museum will deliver a new permanent display of its costume and textile collection in two Victorian galleries that were 'lost' in the 1990s. Despite having an outstanding collection, the Museum has never had a permanent costume gallery. The restored galleries will exhibit fully conserved nationally important collections with deep local roots, making accessible for the first time a truly inspiring assemblage of decorative art history.

The new galleries will be fit for 21st century audiences. They will feature innovative lighting, high specification display cases, transparent mannequins and a digital artwork to create a unique and innovative visitor experience.

The DCMS/Wolfson Museum and Galleries Improvement Fund, the Garfield Weston Foundation and the Cumbria Local Enterprise Partnership and the Northern Powerhouse have contributed to the project.

5.2.3.2 Project Tullie

The first phase of *Project Tullie* includes the renovation of a wide range of permanent exhibitions and the introduction of new displays of elements of the collection that have previously been under-represented.

The proposals respond to a number of challenges:

- The museum is well-used locally, but there are negative perceptions resulting from lack of historic investment
- Collection displays are dated and tired; they do not tell all the stories the collection has to offer in a way that is relevant and appealing to visitors.
- Aspects of the collection in which the audience are most interested: natural history, social history and fine art are either under-represented or relatively hidden or inaccessible, with opportunities for coherent storytelling and links across collections missed as a result.
- Lack of visibility of collections on the ground floor means the welcome/entrance does not feel like a museum and does not entice visitors to go further.

In summary the key changes will be:

- New natural science gallery in the 1893 building
- New art galleries
- Renewal of social history and borderlands galleries (1990s building)
- Introduction of museum displays to the Ground floor

5.2.4 Audience development ambitions

Temporary Exhibitions

Temporary exhibitions are a key driver for ticketed admissions, with higher paying visitor numbers for particular exhibitions driving up annual results. Appendix II outlines the Temporary Exhibitions Programme. The programme is regularly reviewed by the museum's Programme Executive Group along with the target visitor numbers.

The Costume Collection at Tullie House; new costume and textile gallery at Tullie House

Temporary exhibitions featuring costume and textiles consistently attract large visitor numbers and have resulted in the demand for greater access to these important collections. Work with students from the University of Cumbria's Institute of the Arts, a costume volunteer programme and a community textile group have emphasised the need to 'reveal more' and make the collection more accessible to all.

We had anticipated that, with appropriate marketing, the new costume gallery could contribute to attracting c.47,000 ticketed visitor numbers in the first year after completion. However due to the pandemic, these projections have been revised down significantly by 70% in the light of our experience in the first two months after re-opening in July 2020.

Project Tullie

Developing new and increased audiences is a key deliverable of *Project Tullie*. The *Project Tullie* Masterplan includes an interpretation proposal and a matrix of target audience segments with a rationale for how the revised galleries will appeal to these diverse audience groups.

A number of visitor number scenarios have been tested in our business planning work; in our primary scenario we expect that the Museum could attract c.80,000 ticketed visitors per year following the delivery of Phase 1 of *Project Tullie*.

5.3 Learning and community

The Museum's Learning & Engagement Team has won awards for its service, including the Sandford Award for Excellence in Heritage Education (2013 and 2018) and the prestigious *Kids in Museums Family Friendly Award*, sponsored by the *Daily Telegraph*.

Tullie House's position as a safe "third space" means it can use collections to start conversations and challenging discussions, and help create a sense of pride in Carlisle for the people who live there. The museum offers a range of learning and community activities aimed at specified audience groups, including:

- Workshops and activities in the museum for visiting school groups;
- School membership scheme including loan boxes, school assemblies and discounted museum workshops;
- Family programme in the Museum including term time and holiday drop-ins, Tuesday Tales (U5s), a popular programme of Toddler sessions, Interactive trails and Special Events;
- Programme for children and young people including Tullie Time Travellers (8-13), the monthly Youth Panel (14-21) and the Hope Streets programme, a major 5-year, NLHF funded regional initiative to transform youth engagement with museums.
- Programme supporting the wellbeing of vulnerable adults including adults with mental ill health, adults with disabilities and adults living with dementia. This includes activity within the *Secret Garden*, a safe outdoor space for less-engaged communities to learn about gardening, nature and environmental benefits. The programme is run in partnership with

local organisations that run services for adults dealing with addiction issues, homeless people and offenders in rehabilitation.

The following table illustrates the ranges of programmes and audiences that are catered for. These activities have had to be paused during the pandemic and we are uncertain about when we can restart and at what level. The targets for participation in the table below will be adopted once the need for social distancing has passed.

Programme strand	Audience Segments	Participation rates	Measures	Tullie House Strategic Objectives
Families	Local Cumbrian (Facebook Families, Dormitory Dependables, Trips and Treats), Tourist (Trips & Treats)	Target of 5% participation increase from 8,910 to 9,355	Engagement will be measured through either INCREASING numbers, BROADENING the range of participants or DEEPENING engagement.	Objective 4: Actively increase income from trusts, foundations, individuals and corporates Objective 5: Focus on developing greater engagement with the Carlisle community Objective 6: Continue to work with least engaged groups within Carlisle and the surrounding area Objective 8: Develop international audiences from China or with communities
Young People	Marketed via specific groups, networks and through referrals	Headline KPI of 300 participation days annually This figure does <u>not</u> include engagement as part of the Hope Streets programme running to 2022 – no formal KPIs are attached to this funded programme, focus is on depth of engagement	BROADEN range and DEEPEN engagement	
Communities	Marketed via specific groups, networks and through referrals	Headline KPI – 600 participation days annually with vulnerable adults / adults with protected characteristics	BROADEN range of participants and DEEPEN engagement through increased curatorial involvement	
Local Adults	Kaleidoscope Creativity, Homes & Heritage, Dormitory Dependables	5% increase on 2019/20 baseline		

Schools	All schools sessions targeted via print and digital marketing	5% increase on 2019/20 baseline	INCREASING pupil numbers and BROADENING range of participating schools	interested in Chinese culture
Chinese Engagement Programme	Kaleidoscope Creativity, local adults, local Chinese-British families	Minimum of 8 hours teaching per week (Confucius Institute Target)		

A detailed post-pandemic Learning Programme will be developed in 2020/21.

5.4 Volunteering

There are around 30 active volunteers at Tullie House at present managed by individual departmental staff under the guidance of the museum's Volunteer Policy. A new part-time post of Volunteer Coordinator was introduced in January 2020 to help embed volunteering more strategically across the museum's core activity. In addition, the post has been leading a recruitment drive for the new volunteer role of Gallery Engager, which will be introduced on the museum's galleries from October 2020.

5.5 Collections Care

The collections and buildings at Tullie House are owned by Carlisle City Council and are managed by Tullie House Museum and Art Gallery Trust.

The curatorial team (consisting of a Curatorial Manager, two Curators and an Assistant Curator) carry out Collections Management duties. The team is responsible for the following:

- Managing the collections in the galleries and stores (including monitoring and upgrading as appropriate)
- Preventive conservation measures including quarantine for incoming material
- Appropriate marking of objects
- Research and documentation
- Condition checking new material and all loans
- Appropriate storage methods including the use of archival materials
- Storage and display cleaning programmes
- Pest management
- Appropriate movement, handling and display methods
- Installing exhibitions
- Delivering staff training on collections care/management
- Preparing collections care procedures and guidelines
- Disaster planning
- Managing the annual budget for collections care
- Arranging remedial examinations and treatment by approved conservators for objects usually destined for display or loan for exhibition
- Carrying out a broad collections level condition assessment used to implement the Collections Care Action Plan

- Regular inspections of the off-site store at Longtown and the Guildhall Museum
- Providing surrogate digital images of parts of the collections to use for handling purposes where appropriate
- Providing access and managing all research

The Museum has a *Collections Care and Conservation Action Plan*. It is based on the Accreditation Guidance Notes for Collections Care, a structured Benchmarks Survey and PAS 197: 2009 for which we aspire to meet Good or Best standards over time as outlined in the Plan.

The resources identified in Section 7 of the Business Plan will be used to implement the objectives of this plan. A new plan is in preparation to cover the period from 2021 onwards and the resources identified beyond that date will be allocated in pursuit of its objectives.

5.6 CBDC

CBDC was originally the Tullie House Natural History Bureau established in memory of an eminent Victorian Natural Historian and founder of Tullie House Museum and Art Gallery – Rev Hugh McPherson. Its purpose was to collect wildlife information from across Cumbria and for a wide range of plants and animals and share it for the benefit of the public and scientific research. It was the first organisation ever to collect such a range of taxonomic groups across a significant geographical range.

Around 10 years ago the Government encouraged local authorities with wildlife and environmental data to set up and develop local record centres. The Natural History Record Bureau fitted this remit and CBDC was established to provide data services for the local authorities in Cumbria.

In the following nine years CBDC attracted highly skilled staff who have continued to develop data services for local authorities and ecological consultants working in planning and development. In addition, these services have then been adapted to support local and national conservation organisations working in the county, e.g. Plantlife, Buglife, Cumbria Wildlife Trust. These new partnerships have been vital to generate income and allow CBDC to showcase its skills, knowledge and data. The result has been an increased profile for CBDC and a growing reputation as the place to go for Biodiversity Information in the county.

Recently CBDC has diversified and as a result has provided:

- species identification training
- bug hunts and activities at public events
- equipment and room space to train new bryologists and lichenologists
- data for research and developing our knowledge of Cumbria's natural history.

The Recent Designation of the Natural Sciences collection offers the opportunity to harness data and specimens to create a compelling and powerful nationally significant biodiversity story.

5.7 Estate Management

5.7.1 Recent Improvements

- *Garden Café*
2019 saw a light-touch improvement to the café, with the aim of helping to improve performance by creating a more attractive environment in line with contemporary expectations.
- *BMS improvements*
Carlisle City Council will be continuing their future proofing investment in the Museum's Building Management System by commissioning upgrades to ensure that this sophisticated but essential technology remains fit-for-purpose
- *Gallery improvements*
A series of on-gallery visitor improvements commenced in 2018: new introductory graphics have been installed on the main Border Gallery staircase to aid orientation and to provide simpler navigation; *Origins* – an impressive redisplay of the museum's significant pre-history collection; and *Formations*, which uses the geology collections to tell the story of how the Cumbria landscape was created
- *Secret Garden*
A small and tranquil space in the middle of the city, where youth and community groups have combined to create a home for nature and a place where vulnerable groups can explore nature in a safe environment
- *Activity Room / Learning base*
The Museum has invested in its activity room by extending the footprint so that schools have more space to undertake many of the award winning activities

5.7.2 Future Plans

Project Tullie

Project Tullie is the focus for a series of major improvements to the estate in the coming years, and therefore there are relatively few stand-alone improvement projects in the meantime.

Costume Gallery

The new costume galleries will open later in 2020 (see Section 5.2 above).

General Maintenance and improvements

Phased lighting replacement in the galleries – moving to LED technology – starting in late 2020.

6. Incoming resources

6.1 Admissions and membership

6.1.1 Ticketed admissions

Tullie House has charged for admission for a number of years using various different structures. It has recently settled on a simplified pricing structure:

- Annual ticket £10.00 (inc. Gift Aid, annual pass method)
- Under 18s: Free with an adult

In 2018/19 Admissions and associated Gift Aid accounted for £125,000 from 40,743 ticketed visitors.

In 2019/20 the equivalent figure was £137,000 from 53,855 visitors.

In 2019/20 the split of ticketed visitors was as follows:

Ticket type	% of total ticketed admissions
Annual Ticket purchase	11.5%
Day Ticket	35.6%
Annual Ticket Re-admission (free)	19.6%
Child (Free)	25.7%
Other Free of Charge	7.7%

The primary scenario of this business plan makes the following assumptions about admissions:

- Following the completion of the Costume Gallery (in late 2020), ticketed visitor numbers will rise in Y1 by c.10,000 visits (+30%) from 2019/20 levels, with a Y2-onwards target of c.45,000 visits p.a.
- This target has been revised downwards due to the pandemic as follows:

Year	Previously projected ticketed visits	Revised ticketed visits projections due to Covid-19
2020/21 (Including lockdown period)	47,700	10,100
2021/22	45,700	13,700

- The pricing structure was revised in 2020/21 to phase out the day ticket and move all admissions onto a £10 (including VAT but excluding Gift Aid) annual ticket. This will be subject to an increase to £12 in 2022/23.
- We will continue to offer free admission for under 18s. There are practical and strategic reasons for this:
 - o Strategically, it contributes to the Museum's commitment to supporting the delivery of Arts Council England's Goal 5: *"Every child and young person has the opportunity to experience the richness of the arts, museums and libraries."* Continued ACE NPO funding beyond the current cycle (ends 2023) is critical and this is an important part of our case to ACE.
 - o On a practical level, free admissions for children helps keep a simple-to-understand pricing structure, without different family tickets and concessions, which recent audience research revealed was important for visitors (especially those who are not regular museum visitors).

- Finally, our decision to increase the full adult admission to £14 following *Project Tullie* (2024) is partly based on a calculation that keeping free admission for the under 18s maintains good value-for-money for families (particularly local families).
- We do not expect significant numbers of current day ticket buyers to take advantage of the annual ticket re-admission offer, as many are either tourist visitors or visiting for a specific exhibition.
- Based on the current actual split of visitors as outlined in the table above, a single type of ticket with no concessions will mean that we assume 47% of ticketed visitors will pay this price.
- It is likely that the construction works for *Project Tullie* (projected to be in 2024/25) will require significant or full closure of the museum. In our primary scenario we have provisionally used a base-case scenario of significant closure with no admissions income in this year.
- Following the completion of Phase One of *Project Tullie* (2025-26), our primary scenario projects that ticketed visit numbers will rise to c.84K in the first year of re-opening with a Y2 onwards target of c.80,000 visits p.a.
- Following the completion of *Project Tullie* Phase One in 2025/26, the ticket price will be increased to £14 (including VAT but excluding Gift Aid claimed) for an annual ticket.

Based on these assumptions, ticketed admissions for the period covered by this plan is estimated to be as follows:

Year	Ticketed admissions (#) Projections	Projected Income (net of VAT, ex Gift Aid)	Notes
2020/21	10,100	£49,506	Covid-19 lockdown and re-opening with restrictions; Costume Gallery opens, day-ticket phased out. Annual Pass Gift Aid methodology.
2021/22	13,700	£53,766	As above
2022/23	47,873	£225,136	Return to pre-pandemic projections
2023/24	48,493	£228,052	Inflationary increase
2024/25	-	-	<i>Project Tullie</i> construction
2025/26	84,000	£460,872	Phase One of <i>Project Tullie</i> opens, price increase to £14 (inc. VAT). Annual Pass Gift Aid methodology.

6.1.2 Gift Aid

In 2019/20, Tullie House operated a split Gift Aid model, applying the 10% donation method to day tickets, and the annual pass model to the annual ticket.

In 2019/20, Gift Aid receipts equated to around 12% of all museum admissions income.

In 2020 the day ticket was phased out, along with the 10% Gift Aid methodology. All tickets will be annual tickets and accordingly the Annual Pass method will be used for Gift Aid.

This method often results in a higher conversion rate as it does not require an additional donation, however for the sake of prudence, we have assumed that Gift Aid receipts will continue to equate to c.12% of ticket admissions income.

Using this assumption, it is estimated that Gift Aid receipts will rise to c. £24k per annum following the move to annual tickets only and the opening of the Costume Gallery, with a further rise to c. £50k p.a. following the opening of Phase One of *Project Tullie*.

Year	Ticked admissions (#) (Projected)	Income (net of VAT) (Projected)	Gift Aid claimed (Projected)
2020/21	10,100	£49,506	£4,306
2021/22	13,700	£53,766	£4,676
2022/23	47,873	£225,136	£19,581
2023/24	48,493	£228,052	£19,834
2024/25	-	-	-
2025/26	84,000	£460,872	£40,083

6.1.3 Membership

In 2019/20, our membership income was £5,000. We expect this level to be maintained throughout the period of this plan.

Following *Project Tullie* and the embedding of an increased annual ticket price we do not expect memberships to grow significantly. Annual ticket schemes can undermine membership schemes as everyone benefits from free entry; this is often offset by increased Gift Aid conversion.

6.2 Trading income

Tullie House generates income via a number of trading activities, including:

- Retail
- Catering
- Venue Hire and Events

Income is via the charity's trading company and profits are gift-aided to the charity.

A range of museum costs in addition to direct costs of sales are allocated to trading activities to recognise the true cost of the delivery of trading activities. This cost allocation has resulted in the trading company making small deficits in recent years. However, as a number of these expenses are fixed costs that would not decrease significantly if there were no trading, these activities still make a valuable contribution to the museum. This section outlines our expectations for the coming years in each of these trading areas.

6.2.1 Retail Income

The actuals for 2018/19 (last full year) reveal the following retail performance:

Retail	2019/20 actuals
Sales	£53,417
ATV	£4.34
Transactions	12,301
Footfall	200,477
Ticketed visitors	53,855
Conversion (all footfall)	6.14%
Conversion (ticketed only)	22.84%
Average spend per	
GPM (ex. staff costs)	43%
Net income before overheads	£23,189

In 2019/20 the Museum targeted an increase in Gross Profit Margin (before staff costs) in order to increase the profitability of the shop. Following recommendations from a retail consultancy, we have improved visual merchandising and layout, reviewed margins across all lines and sought alternative suppliers where improvements can be made and have developed a new selling space for local artists and makers.

Increases in visitor numbers following *Project Tullie* Phase One will have a positive impact on sales, however, as outlined elsewhere, the significantly reduced visitor numbers brought about the pandemic will have a major impact on trading income in 2020/21 and 2021/22:

Year	Ticked admissions (#)	Ave spend per paying visitor	Sales	GPM	Income net of cost of sales
2020/21	10,100	£1.72	£17,448	50%	£8,724
2021/22	13,700	£1.61	£22,110	50%	£11,055
2022/23	47,873	£1.61	78,695	50%	£39,348
2023/24	48,493	£1.64	£79,714	50%	£39,857
2024/25	-	-	-	-	-
2025/26	84,000	£2.00	£168,000	50%	£84,000

6.2.2 Catering Income

From 1 October 2019, local operator Origins Caterers t/a John Watt & Son took over the catering operation. The driver for this change was the need to improve the visitor experience of the catering offer and use as much fresh, locally sourced produce as possible. The new contract is for five years with a three-year break and is for a profit share in year one, followed by a commission arrangement from year two.

Following the delivery of *Project Tullie* Phase One and the physical re-modelling of the catering offer, we intend to consider the potential of bringing the catering in house, which we estimate will increase net earnings to above £60,000 per annum, through:

- Increased visitor numbers and conversion rates
- An improved offer and environment
- Use of café as a bar for events and summer evening use of the garden

Year	Ticked admissions (#)	Income (net of VAT and direct costs)	Notes
2020/21	10,100	£6,348	Expected income in context of Covid-19
2021/22	13,700	£13,500	Expected income in context of Covid-19
2022/23	47,873	£45,450	John Watts deal
2023/24	48,493	£45,372	John Watts deal
2024/25	-	-	(Construction)
2025/26	84,000	£58,710	Improved environment and offer

6.2.3 Venue Hire and Events Income

In 2018/19 the museum earned £26,519 from venue hire, before direct and indirect costs. This was double the previous year as a result of new staff joining.

We had budgeted a target of £28,500 for 2020/21 with increases of £2,500 each year in the run up to the delivery of *Project Tullie*.

Following lockdown this area of business has all but dried up and we are forecasting income of less than £5,000 in 2020/21 and just under £10,000 in 2021/22.

Following Phase One of *Project Tullie*, we have assumed a modest increase in sales targets to £40,000+. This acknowledges much improved premises, but also acknowledges the building will be well used for programme, particularly in the evening, meaning that there will be relatively limited additional venue hire opportunities.

6.3 Carlisle City Council

Tullie House was, until 2011, run by the local authority. The City Council continues to provide core income to the Trust, in the form of an annual contract, which is agreed on the basis of 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, relating to the care of the Council's collection and buildings (of which it retains legal ownership).

Funding has decreased from the Council in the subsequent years:

CCC Income type	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
Inflation	0	18,161	37,003	47,034	80,438	77,696	89,301	118,130	146,723
Services (HR/Payroll/ICT)	0	0	0	0	13,294	22,388	72,480	82,498	89,403
Revised Base Funding	1,314,420	1,274,581	1,235,423	1,245,454	1,042,152	834,504	896,201	935,048	970,546

In the context of continued central government austerity policies, the Council has indicated it needs to make further reductions in support and this is likely to mean that this continues to reduce in real terms, even allowing for inflationary increases on a future reduced core grant.

The Council has indicated it will extend the multi-year funding agreement from three years to four, in order to offer stability and certainty in budgeting for both parties.

Notwithstanding the existential challenge presented by on-going Council cuts in the context of the pandemic (as outlined in the following section below), during the period of this plan we continue to make the following assumptions regarding funding from Carlisle City Council over the next four years:

CCC Income type	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Core Contract (Base funding before inflation)	634,420	584,420	534,420	534,420
<i>Reduction from 2019/20 levels</i>	<i>£100,000</i>	<i>£150,000</i>	<i>£200,000</i>	<i>£200,000</i>
Inflation (estimated)	176,068	207,760	241,001	274,742
Services (HR/Payroll/ICT)	90,784	90,784	90,784	90,784
Revised Base Income	901,272	882,964	866,205	899,946

6.3.1 Impact of a grant reduction in Carlisle City Council in 2021/22 and 2022/23

The combined effects of the loss of income this year and next mean that Tullie House is no longer in a position to afford the previously planned cut in core funding of £50k in 2021/22, let alone the further cut of £150k proposed by the Council in 2022/23. If these cuts go ahead, by the end of 2021/22 Tullie House will have negative free reserves of £80k and, by the end of 2022/23, negative free reserves of £180k (if the full £150K cut in Council funding is implemented that year). Even without the proposed cut of £50k in 2021/22 there will be negative free reserves of £25k.

Unless the Council is prepared to reconsider and reverse these planned cuts in core funding, without other grant funding, the trustees will have to abandon *Project Tullie* in order to free up designated reserves to cover these losses. However, without the *Project Tullie* investment, losses would continue into the future. Free reserves would remain below the minimum level set by trustees which would trigger a “critical incident” report to the Charity Commission early in 2021 as the Trust would face significant uncertainty regarding its ability to remain a going concern. The Trust has no fixed assets that it can sell, nor an endowment fund to fall back on.

If the Council agrees to reverse the planned cuts, the Trust will still face a projected free reserves deficit of £25k by the end of 2021/22 and the trustees will still need to consider whether it remains viable for Tullie House to progress *Project Tullie*. This will in part depend on the Council’s support for that project as further set out below and the availability of other grant funding.

Tullie House: Projected ‘Free’ Reserves over the next four years, assuming a further reduction in Council funding

	2020/21	2021/22	2022/23	2023/24
Assumed reduction in CCC core grant	-£100K	-£50K	-£50K	0
‘Free’ unrestricted reserves b/forward	197,661	167,764	(76,601)	(78,854)
Profit / (Loss) in the year	70,103	(244,406)	(1,871)	791
Additional designation for Project Tullie	(100,000)			
‘Free’ unrestricted reserves c/forward	167,764	(76,601)	(78,854)	(78,876)

Notes on the above table

- **2021/22** – Continued impact of Covid-19 and impact of additional £50K cuts
- **2022/23** - Deficit as a result of an additional £50K cut

6.4 Arts Council England (ACE)

Tullie House is an ACE National Portfolio Organisation (NPO) as part of the Cumbria Museum Consortium (CMC). As such, it receives £323,000 per annum from this source until 2023 (plus £76,000 per annum for joint CMC initiatives, which is expended via Tullie House). As with many NPOs, the impact of losing this funding post-2023 would provide a very significant challenge to the Museum’s ability to deliver the range of activities, engagement and exhibitions, which it currently provides.

This plan assumes as its primary scenario that the CMC is successful in renewing its NPO status, albeit with a standstill grant which assumed no increase in arts funding from central government in the coming years.

If the CMC is unsuccessful then this will have the impact of significantly reducing the range of learning and community engagement programmes delivered by the museum, to which the majority of this funding is currently allocated.

6.5 Fundraising, Exhibition Sponsorship, Grants and Donations

Each year, Tullie House raises between £200,000 - £400,000 from trusts and foundations, national lottery and other statutory sources towards its work, including funding for gallery refurbishment, exhibitions, staff costs and consultancy support on projects. This income forms an important part of the Museum's ability to deliver work beyond the core function it provides in caring for the Council's collection and buildings.

In addition to this contributed income the Museum runs a successful Patrons scheme, launched as part of the 125 Anniversary Dinner in November 2018. Growing the Patron membership is a fundamental part of the museum's future sustainability and as a consequence challenging income targets have been set.

Tullie House has ambitions to raise more funding from philanthropy, however a significant challenge is the lack of dedicated development staff in the museum. Increased unrestricted income from trading could be used to support fundraising capacity in order to grow income in this field.

In 2019/20 fundraising brought in a total of £662,692, however this figure is unusually high due to successful fundraising for the Costume Gallery and the *Project Tullie* masterplan (in 2018/19 £191,761 was raised).

As outlined earlier, future fundraising for the *Project Tullie* capital project will sit outside this business plan.

The target for fundraising for revenue programmes during the period of this business plan will be £160,000 + inflation per annum.

As a result of Covid-19 there are various emergency funds being made available which Tullie House has accessed and will continue to access. These include the Job Retention Scheme, reduced business rates and other arts related funds, which are currently open to application.

6.6 Exhibition Tax Relief

Under current rules Tullie House is able to claim back a portion of its exhibition expenditure in the form of Museums and Galleries exhibitions tax relief. Due to the long-term uncertainty concerning the tax relief regime, we have not counted this income beyond 2020 (when a review is due to be undertaken by HM Government, the outcome of which is as yet unknown). That said it should be noted that £32,000 was claimed from HMRC in 2018/19 and £65,755 is expected to be claimed for 2019/20.

6.7 Income summary, Primary Scenario

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
					Construction Closed	Project Tullie Completion
	2%	2%	2%	2%	2%	2%
	1.04	1.06	1.08	1.10	1.13	1.15
	-	-	206,000	206,000	0	206,000
	11,382	13,719	47,873	48,493	0	84,000
Income						
Grants (Public)						
Carlisle City Council Management fee	897,430	882,964	866,205	899,946	917,944	936,303
Carlisle City Council Central Services	20,000	8,000	8,000	8,000	8,000	8,000
ACE NPO	406,523	406,523	406,523	406,523	406,523	406,523
NPO admin recharge to partners	14,000	14,000	14,000	14,000	14,000	14,000
Exhibition Tax Relief (HMRC)	96,000	16,000	16,320	16,646	16,979	17,319
Grants (core) subtotal	1,433,953	1,327,487	1,311,048	1,345,115	1,363,447	1,382,145
Other Grants and Sponsorship						
Cumbria County Council	10,000	0	0	0	0	0
Headley Trust	15,000	0	0	0	0	0
DCMS Wolfson (Costume Gallery)	0	0	0	0	0	0
LEP / Garfield Weston	97,795	0	0	0	0	0
Other grants	265,233	153,000	156,060	159,181	162,365	165,612
Donations	10,000	10,000	10,000	10,000	15,000	20,000
Other grants & sponsorship subtotal	398,028	163,000	166,060	169,181	177,365	185,612
Admissions						
Admissions Income (net of VAT)	49,506	53,766	225,136	228,052	0	460,872
Gift Aid	4,306	4,676	19,581	19,834	0	40,083
Tullie Card	0	0	0	0	0	0
Membership	5,000	5,000	5,000	5,000	0	7,000
Admissions subtotal	58,812	63,442	249,717	252,886	0	507,955
Trading (net income)						
Retail	8,724	11,055	39,348	39,857	0	84,000
Catering	6,348	13,500	45,450	45,374	0	58,710
Events	4,275	9,000	32,000	32,640	0	24,657
Monday alternative and other	0	417	1,418	1,447	1,476	1,505
Trading (net of direct costs) subtotal	19,347	33,972	118,216	119,317	1,476	168,873
Learning income	5,664	11,555	39,288	40,074	0	41,693
Talks and other income/charges	3,978	4,058	13,796	14,072	0	30,500
Interest and investments	6,000	6,000	6,000	6,000	500	1,000
Central Charges Contribution						
ACE	38,500	38,500	38,500	38,500	38,500	38,500
CBDC	0	12,500	12,500	12,500	12,500	12,500
Subtotal Central Charges	38,500	51,000	51,000	51,000	51,000	51,000
Total Museum income	1,964,282	1,660,514	1,955,125	1,997,645	1,593,787	2,368,778
CBDC income (gross)						
Income	72,420	73,868	75,346	76,853	78,390	79,958
CBDC trading profit	21,172	21,172	21,172	21,172	27,172	27,672
Subtotal CBDC income	93,592	95,040	96,518	98,025	105,562	107,630
Total income	2,057,874	1,755,554	2,051,642	2,095,669	1,699,349	2,476,407

7. Expenditure

7.1 Staffing and volunteering

In 2020/21 the staffing budget is projected to be £988,000 (excluding trading staff and CBDC staff).

No single intervention is able to offset the expected reduction in Council funding (-£200k from current levels by 2022/23) in the short-term, so we need to consider reducing staff costs, alongside increasing earned income.

This process began in 2020/21 and by 2021/22 staff costs will be £898,826 (a reduction of over £100K or 11.5% in real terms (i.e. before wage inflation)).

There is currently 43 staff full and part-time at Tullie House, with an FTE of 35.5.

As a result of the pandemic, during the furlough period in 2020 there were 24 staff furloughed plus an additional 17 casual workers (those on zero hour contracts).

As part of *Project Tullie*, there will be an increase in staff capacity in the areas of development and marketing, resulting in additional staff costs of £85k p.a. + inflation from 2025, however these roles will only be maintained if the expected increase in paid admissions is achieved and the Museum income increases accordingly.¹⁶

These additional roles will not be able to be introduced should additional Council reductions be imposed beyond the £200k already budgeted (see *Section 6.3 above*). This would negatively impact the potential for visitor growth following *Project Tullie* and mean that our primary scenario would be reduced to 70,000 visits per annum.

Should it be necessary for the museum to close in 2024/25 due to construction, there will be a saving that year of c.£57k as no 'additional hours' will be required. While visitor-facing volunteers will need to be re-deployed there will be no permanent staff savings as staff will be working on planning for re-opening, collections management work and capital project work.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£	£
Salaries (Trust only) + on costs	896,417	804,581	820,673	837,086	848,500	865,470
Additional Development and Marketing Staff	0	0	0	0		85,000
Additional hours	49,474	50,463	56,562	57,693	0	60,024
ACE NPO salaries (directly funded)	37,274	38,781	39,557	40,348	41,155	41,978
Total	983,165	893,826	916,791	935,127	889,654	1,052,471

7.2 Exhibitions and projects

¹⁶ There will be additional fundraising capacity in the years before this which will be paid for as part of the *Project Tullie* capital budget and therefore outside the scope of this Business Plan.

As outlined in the fundraising section above (6.5), 2020 was an anomalous year with higher than usual expenditure for specific projects, notably the Costume Gallery, reflected in increased expenditure this year of £631k+.

It is expected that a more usual steady state of expenditure of c.£300k p.a. will occur from 2021/22 although it is hard to predict how the post-Covid world will play out at the time of writing. Costs are split between exhibitions and projects and 'NPO Expenditure' which is for projects directly funded by ACE NPO income. In the future this expenditure is dependent on ACE NPO status being maintained.

There is likely to be a temporary reduction in exhibitions expenditure should *Project Tullie* construction works require temporary closure of the museum.

Costs are projected to rise with inflation. *Project Tullie* will not necessitate additional increases in exhibitions budgets beyond inflation, as there are no new temporary exhibitions spaces proposed in the Masterplan.

7.3 Operational Costs

In 2019/20 the Museum budgeted £585,000 for operational expenditure, including £143,000 for utilities costs. In 2020/21 this has reduced, due the closure brought about by the pandemic to £406,000 and £114,000 respectively.

Putting this temporary closure to one side, inflationary increases have been used for this business plan, with following adjustments:

- Utilities costs will halve during construction, as contractors will be responsible for part of the site
- Security and maintenance costs will increase by c. £20,000 p.a. as a result of *Project Tullie* to ensure that permanent displays and other renewed areas of the building are properly maintained.

In addition, a capital renewal fund will be instituted, to which the Trust will add £25,000 per annum from 2025/26 onwards. If unspent, this will be added to a designated reserve ('sinking fund') for future major renewal and maintenance, such as replacement of display cases and lighting.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
					Construction Closed	Project Tullie Completion
	2%	2%	2%	2%	2%	2%
	1.04	1.06	1.08	1.10	1.13	1.15
Utilities	114,042	154,669	160,856	167,290	86,991	180,900
Operational Expenditure						
Rent & Business rates	19,673	67,626	68,979	70,358	71,765	73,200
Equipment & Materials	25,600	29,000	29,580	30,172	30,775	31,380
Security & Maintenance	68,900	70,278	71,684	73,117	75,000	76,500
Depreciation	55,080	56,182	57,305	58,451	59,620	60,800
Professional Fees & Insurance	64,100	65,382	66,690	68,023	69,384	70,750
IT Services	42,000	42,840	43,697	44,571	45,462	46,375
Cleaning	33,000	19,951	20,350	20,757	21,172	21,590
General Office Expenses	23,700	24,174	24,657	25,151	25,654	26,165
Marketing & Fundraising	35,500	36,210	36,934	37,673	38,426	39,190
Training	7,000	14,300	14,586	14,878	15,175	15,475
Subscriptions & Licences	28,500	29,070	29,651	30,244	30,849	31,455
Bank & Credit card charges	3,350	2,688	3,377	3,421	0	6,900
Subtotal operational expenditure	406,403	457,701	467,490	476,816	483,283	499,860

7.4 Central costs allocated to trading

In 2020/21, £93,995, of central costs will be allocated to trading. This figure is set to rise with inflation over the period of this business plan:

Costs Allocated to Trading	2019/20
Salaries, NI & Er's Pension	(£62,885)
Utilities	(£12,546)
Professional Fees	(£1,122)
General Office Expenses	(£5,610)
Marketing & Fundraising	(£8,160)
Subscriptions & Licences	(£2,652)
Bank & Credit card charges	(£1,020)
Total allocated costs	(£93,995)

Any savings offset by the pandemic are included in the overall expenditure projections of the Museum and any adjustments to the projected recharge will be made at year-end.

7.5 CBDC

To ensure its sustainability, CBDC needs to diversify and develop new sources of income.¹⁷ This is a process that has been developing for the past two years and although volatile is proving to be successful. It brings with it a number of challenges to all members of staff as they balance the delivery of current activities and the development of new ones. This change in the business model has resulted in CBDC making a small annual loss, which at present is being offset by reserves accumulated over the past 10 years.

¹⁷ CBDC now offers ecological advice and training as well as project support and data consultancy

7.6 Expenditure summary, Primary Scenario

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
					Construction Closed	Project Tullie Completion
	2%	2%	2%	2%	2%	2%
Expenditure						
Staffing						
Salaries (Trust only) and on costs	896,417	804,581	820,673	837,086	848,500	865,470
Additional Development and Marketing Staff	0	0	0	0	0	85,000
Additional hours	49,474	50,463	56,562	57,693	0	60,024
ACE MPM/NPO salaries	37,274	38,781	39,557	40,348	41,155	41,978
Travel and subsistence	5,000	5,000	12,734	12,989	13,248	13,513
Restructure allowance (one off)	0	0	0	0	0	0
Pension rebate & NI allowance	0	0	0	0	0	0
CJRS income	0	0	0	0	0	0
Subtotal staffing expenditure	988,165	898,826	929,525	948,116	902,903	1,065,985
Exhibitions and Projects						
Projects	89,227	0	0	0	0	0
Project Tullie	75,000	0	0	0	0	0
Costume Gallery	258,154	0	0	0	0	0
Exhibitions and Projects post 19/20	40,000	153,000	156,060	159,181	162,365	165,612
ACE / CMC Expenditure	169,246	144,890	144,890	144,890	144,890	144,890
Subtotal exhibitions and projects expenditure	631,627	297,890	300,950	304,071	307,255	310,502
Utilities	114,042	154,669	160,856	167,290	86,991	180,941
Operational Expenditure						
Rent & Business rates	19,673	67,626	68,979	70,358	71,765	73,201
Equipment & Materials	25,600	29,000	29,580	30,172	30,775	31,391
Security & Maintenance	68,900	70,278	71,684	73,117	75,000	76,500
Depreciation	55,080	56,182	57,305	58,451	59,620	60,813
Professional Fees & Insurance	64,100	65,382	66,690	68,023	69,384	70,772
IT Services	42,000	42,840	43,697	44,571	45,462	46,371
Cleaning	33,000	19,951	20,350	20,757	21,172	21,596
General Office Expenses	23,700	24,174	24,657	25,151	25,654	26,167
Marketing & Fundraising	35,500	36,210	36,934	37,673	38,426	39,195
Training	7,000	14,300	14,586	14,878	15,175	15,479
Subscriptions & Licences	28,500	29,070	29,651	30,244	30,849	31,466
Bank & Credit card charges	3,350	2,688	3,377	3,421	0	6,913
Subtotal operational expenditure	406,403	457,701	467,490	476,816	483,283	499,862
Trading						
Salaries	20,735	64,142	65,425	66,734	71,884	73,322
Operational costs	19,050	31,732	32,367	33,014	33,674	34,348
Central costs allocated to trading	39,785	95,874	97,792	99,748	105,559	107,670
Capital renewal allowance	0	0	0	0	0	25,000
Total Museum expenditure	2,180,022	1,904,960	1,956,613	1,996,041	1,885,990	2,189,960
CBDC Costs						
CBDC Staffing	78,357	95,000	96,900	98,838	100,815	102,831
Other costs	0	0	0	0	0	0
CBDC Costs	78,357	95,000	96,900	98,838	100,815	102,831
Total Expenditure	2,258,379	1,999,960	2,053,513	2,094,879	1,986,805	2,292,791
Surplus (Deficit)	(200,505)	(244,406)	(1,871)	791	(287,456)	183,616

8. Primary Scenario – medium term forecast (to 2029/30)

Income and Expenditure Summary 2020/21 – 2029/30

Primary Scenario, Project Tullie Phase One delivered, 80k annual ticketed visits

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Costume Gallery				Project Tullie		Project		
	Opens				Construction		Completion		
Inflation	2%	2%	2%	2%	2%	2%	2%	2%	2%
	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Footfall	Covid-19 Impacted		206,000	206,000	0	206,000	206,000	206,000	206,000
Ticketed Admissions	10,134	13,719	47,873	48,493	0	84,000	80,000	80,000	80,000
	(30% scenario)								

Income									
Carlisle City Council Management Fee	897,430	882,964	866,205	899,946	917,944	936,303	955,029	974,130	993,613
Other Core Funding	536,523	444,523	444,843	445,169	445,502	445,842	446,188	446,542	446,902
Other Grants & Sponsorship	398,028	163,000	166,060	169,181	177,365	185,612	193,924	202,303	205,749
Admissions	58,812	63,442	249,717	252,886	0	507,955	518,179	552,257	552,257
Trading (net of direct costs)	19,347	33,972	118,216	119,317	1,476	168,873	169,931	175,179	180,625
Learning Income	5,664	11,555	39,288	40,074	0	41,693	42,527	43,377	44,245
Talks and other income/charges	3,978	4,058	13,796	14,072	0	30,500	31,110	31,732	32,367
Interest and investments	6,000	6,000	6,000	6,000	500	1,000	1,500	2,000	2,500
Central Charges	38,500	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
Total Museum Income	1,964,282	1,660,514	1,955,125	1,997,645	1,593,787	2,368,778	2,409,389	2,478,520	2,509,257
CBDC Gross Income	93,592	95,040	96,518	98,025	105,562	107,630	109,729	111,860	114,024
Total Income	2,057,874	1,755,554	2,051,642	2,095,669	1,699,349	2,476,407	2,519,117	2,590,380	2,623,280

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Costume Gallery				Project Tullie		Project		
	Opens				Construction		Completion		
Inflation	2%	2%	2%	2%	2%	2%	2%	2%	2%
	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Footfall	Covid-19 impacted		206,000	206,000	0	206,000	206,000	206,000	206,000
Ticketed Admissions	10,134	13,719	47,873	48,493	0	84,000	80,000	80,000	80,000
	(30% scenario)								

Expenditure

Staffing Costs	£988,165	£898,826	£929,525	£948,116	£902,903	£1,065,985	£1,087,305	£1,109,051	£1,131,232
Exhibitions and Projects	631,627	297,890	300,950	304,071	307,255	310,502	313,814	317,193	320,639
Utilities	114,042	154,669	160,856	167,290	86,991	180,941	188,178	195,706	203,534
Operational Expenditure	406,403	457,701	467,490	476,816	483,283	499,862	509,862	520,389	530,646
Central Costs allocated to Trading	39,785	95,874	97,792	99,748	105,559	107,670	109,823	112,020	114,260
Capital Renewal Allowance	0	0	0	0	0	25,000	25,000	25,000	25,000
Total Museum Expenditure	£2,180,022	£1,904,960	£1,956,613	£1,996,041	£1,885,990	£2,189,960	£2,233,983	£2,279,357	£2,325,310

CBDC Costs	£78,357	£95,000	£96,900	£98,838	£100,815	£102,831	£104,888	£106,985	£109,125
Total Expenditure	£2,258,379	£1,999,960	£2,053,513	£2,094,879	£1,986,805	£2,292,791	£2,338,871	£2,386,343	£2,434,436

Surplus (Deficit)	(£200,505)	(£244,406)	(£1,871)	£791	(£287,456)	£183,616	£180,247	£204,037	£188,845
Transfer from Reserves (restricted funding)	270,608	0	0	0	0	0	0	0	0
Final position after planned transfer	70,103	(244,406)	(1,871)	791	(287,456)	183,616	180,247	204,037	188,845

Contingency Allowance	£0	£0	£0	£0	£0	£25,000	£25,000	£25,000	£25,000
Contribution to Reserves	£70,103	(£244,406)	(£1,871)	£791	(£287,456)	£79,308	£77,623	£89,519	£81,922
Inv. in Project Tullie later phases	£0	£0	£0	£0	£0	£79,308	£77,623	£89,519	£81,922

9. Scenarios and Sensitivity

9.1 Summary of Scenarios

We have examined a range of potential future scenarios in preparing this business plan and in the associated work we have undertaken on the *Project Tullie* development plan.

These scenarios look at various delivery options and impacts, all of which have been prepared to the same level of financial detail.

We have included three scenarios in this business plan:

Scenario 1:

- Reduction of ticketed visitors and other earned income to 30% of pre-pandemic levels in 2020-21 and 2021-22.
- *Project Tullie* goes ahead with completion of the first phase in 2025/26, results in an increase in visitors to **c.80k ticketed visits per annum**

Scenario 2:

- Reduction of ticketed visitors and other earned income to 30% of pre-pandemic levels in 2020-21 and 2021-22.
- *Project Tullie* goes ahead with completion of the first phase 2025/26, results in an increase in visitors to **c.70k ticketed visits per annum**

Scenario 3:

- Reduction of ticketed visitors and other earned income to 30% of pre-pandemic levels in 2020-21 and 2021-22.
- *Project Tullie* goes ahead with completion of the first phase 2025/26, results in an increase in visitors to **c.60k ticketed visits per annum**

Scenario 4:

- *Project Tullie* doesn't go ahead
- Reduction of ticketed visitors and other earned income to 30% of pre-pandemic levels in 2020-21 and 2021-22.
- 5% annual decline in visitor numbers from **2024/25** with ongoing reductions after this reflecting lack of capital investment in exhibitions.

Scenario 1 is the primary scenario adopted in this business plan

9.2 Sensitivity of the Primary Scenario

Four sensitivity analyses have been undertaken on the income modelled in this plan:

- 1) Based solely on the admission charges
- 2) Based on all income as a whole (including admissions, retail, catering, raised and other grant income).

Both of these have been applied to:

- 1) The post-pandemic model (2022/23)
- 2) The post-*Project Tullie* model (2025/26)

The impact of the pandemic has been so significant that any sensitivity analysis of this year and next year would be of limited worth as it is clear that the Museum is not sustainable in these two years without significant additional investment from emergency government support and the cancellation of planned Council cuts.

Tullie House	
Sensitivity Analysis	2022/23
Post-Costume Gallery	Costume Gallery
<hr/>	
	£
INCOME	
<hr/>	
Admission and user charges	263,512
Trading	118,216
Public Sector	1,311,048
Grants and Donations	166,060
Learning Income	39,288
ACE/CBDC recharges	51,000
CBDC	96,518
Bank interest and investments	6,000
Total income (A)	2,051,642
SPENDING	
<hr/>	
Direct operating costs	
Staffing	929,525
Exhibitions and Projects	300,950
Utilities and Operational Costs	628,346
Trading	97,792
CBDC	96,900
Non-recoverable VAT	0
Total spending (B)	2,053,513
<hr/>	
Operating surplus or deficit (A-B)	(1,871)
<hr/>	

This analysis shows that there is no sensitivity to negative variance as pre-*Project Tullie*, the Museum is projecting at best to break even.

The Costume Gallery combined with reducing staff costs delivers additional income and savings, but these are largely taken up with responding to the expected further reduction in Council income in 2021/22 and 2022/23.

**Tullie House
Sensitivity Analysis
Post-Project Tullie**

2025 / 26

Project
Tullie

£

INCOME

Admission and user charges	538,455
Trading	168,873
Public Sector	1,382,145
Grants and Donations	185,612
Learning Income	41,693
ACE/CBDC recharges	51,000
CBDC	107,630
Bank interest and investments	1,000
Total income (A)	2,476,407

SPENDING

Direct operating costs	
Staffing	1,065,985
Exhibitions and Projects	310,502
Utilities, Operational Costs, capital renewal	705,803
Trading	107,670
CBDC	102,831
Non-recoverable VAT	0
Total spending (B)	2,292,791

Operating surplus or deficit (A-B)	183,616
---	----------------

Sensitivity analysis:

(i) TOTAL 'Cover' **183,616**

All income

Negative variance of: - *(i) Cover*

5.0%	123,820	59,796
7.4%	183,616	0

7.5% 185,731 (2,114)

Admissions

Negative variance of: -

10.0%	53,845	129,771
15.0%	80,768	102,848
20.0%	107,691	75,925
34%	183,616	0

The level of 'cover' is equal to the projected surplus for the year. In this instance (2025-26) this indicates that there are the following levels of sensitivity in this model:

- All income: 7.4 %
- Admissions income only: 34%

7% - 34% suggests moderate sensitivity and risk. In the scenarios detailed in *9.3 Scenario Planning* below, a sustainable business model at 60k visitors post-*Project Tullie* has been identified, which represents a reduction of 22% in ticket income from the primary 80k visitor scenario.

9.3 Scenario Planning

The range of annual visitor numbers expected at Tullie House following the delivery of *Project Tullie* is presented in a range of scenarios, which takes into consideration:

- Size of local and tourist market
- Potential conversion of Carlisle and Borderlands visitors
- Potential conversion of Carlisle residents

Three post-*Project Tullie* scenarios have been modelled in this business plan, together with their respective penetration rates. These scenarios are:

- 80,000 visitors per annum – primary scenario
- 70, 000 visitors per annum
- 60,000 visitors per annum

9.3.1 Primary Scenario, Scenario 1, visitor numbers: 80,000 visitors per annum with an initial 5% spike in the first year of opening

We are adopting the 80,000 visitors model as the primary expected model for planning purposes, though all three models have been worked up to the same level of detail to illustrate how the Museum's business model can be flexed downwards to produce a sustainable operation at all three levels.

This primary scenario forms the basis for this business plan as well as the longer-term forecasts that will be required for our major capital funders.

Sections 9.3.3 and 9.3.4 below explain the key changes to income and expenditure in the 70k and 60k models.

The Primary Scenario delivers a surplus of £183k in the first year, which is important in order to:

- Provide an adequate contingency against admissions and trading not meeting expectations;
- Enable the Museum to replenish its reserves following the first phase of *Project Tullie* which will involve a deficit of c.£280k-£300k in the construction year due to loss of admissions and trading income;
- Enables the Museum to invest in realising future phases of *Project Tullie*.

In this scenario it is anticipated the surplus in 2025/26 would be utilised as follows:

Contingency allowance	£25,000
Contribution to reserves	£79,308
Investment in Project Tullie later phases	£79,308

At this level of surplus, the Museum would replenish its reserves to pre-Phase 1 levels in seven years and be able to invest £400k in future phases of *Project Tullie*.

9.3.2 Primary Scenario, opening date: 1st April 2025

An opening date of 1st of April 2025 is proposed. This has been used in year projections presented.

9.3.3 Scenario 2, 70,000 visitors per annum

The key changes in this model are:

Income

- Reduced ticket and gift aid income
- Reduced catering and retail income
- Total reduction in income in 2025/26 compared to 80,000 visitor model: c.£110k

Expenditure

- No reduction in planned expenditure
- Reduction in surplus to c.£72k, meaning that the Museum will take longer to rebuild its reserves position following the construction phase of *Project Tullie*.

In this scenario it is anticipated the surplus in 2025/26 would be utilised as follows:

Contingency allowance	£25,000
Contribution to reserves	£23,539
Investment in <i>Project Tullie</i> later phases	£23,539

At this level of surplus, the Museum would replenish its reserves to pre-Phase 1 levels in 8 years and be able to invest £180k in future phases of *Project Tullie*.

9.3.4 Scenario 3, 60,000 visitors per annum

The key changes in this model are:

Income

- Reduced ticket and gift aid income
- Reduced catering and retail income
- Total reduction in income in 2024/25 compared to 80,000 visitor model: c.£130k

Expenditure

- Reduction in additional marketing staff capacity
- Reduction in surplus to c.£50k, meaning that the Museum will take much longer to rebuild its reserves position following the construction of the first phase of *Project Tullie*.

In this scenario it is anticipated the surplus in 2025/26 would be utilised as follows:

Contingency allowance	£25,000
Contribution to reserves	£25,511
Investment in <i>Project Tullie</i> later phases	£0

At this level of surplus, the Museum would take much longer to replenish its reserves and not be able to invest significantly in future phases of *Project Tullie*.

9.3.5 Scenario 4, no *Project Tullie*

The key changes in this model are:

Income

- Reduced ticket and gift aid income
- Reduced catering and retail income
- Total reduction in income in 2025/26 compared to 80,000 visitor model: c.£225k+

Expenditure

- No additional staff appointed as in the *Project Tullie* go-ahead scenarios
- Growing deficits as there is no visitor number increase (as in *Project Tullie* go-ahead scenarios)
- Deficit of almost £100k by 2027/28

This scenario underlines the imperative to make investment in the museum, in order to grow the number of ticketed visitors and associated income.

10. Communications Plan

Communications is a key priority for Tullie House following the development of the Costume Gallery and then *Project Tullie*. Effective communications strategy and practice are critical if Tullie House is to achieve its objectives in the areas of:

- Visitor numbers
- Local engagement, especially around learning
- Related earned income projections
- Hires and business development
- Stakeholder communication and engagement
- Funders and potential funders, advocacy
- Evaluation and Impact assessment

Tullie House is developing a detailed communications strategy which will outline the key audiences, tools, objectives and actions for 2020 and beyond to support the Museum in fulfilling the ambitions of the Costume Gallery. A summary of this strategy is presented here.

Audiences

Tullie House's communications will be tailored to a segmented range of audiences:

Visitors

- Day visitors to the Carlisle / North Lakes area
- Staying visitors to Cumbria and the Borderlands
- Potential family visitors
- Potential independent adult visitors
- Local communities
- Specialist audiences

Local

- Local residents
- Local schools and parents
- Local stakeholder and user groups
- Friends and patrons
- Local authority

Advocacy: Funders and potential funders, other stakeholders

- Friends and patrons
- Trusts and Foundations – funders and potential funders
- Local authorities
- Key influencers
- ACE and other major capital project supporters

Peers

- Specialist audiences
- Other culture and tourism providers in Cumbria and the Borderlands
- Professional colleagues nationally with shared interest

Communications Tools and Actions for 2020 and Beyond

Objective	Audience	Comms Tools	Objectives for 2020 and beyond
Visitors	<ul style="list-style-type: none"> – Day visitors to the Carlisle and North Lakes area – Staying visitors to Cumbria – Potential Family visitors – Potential independent adult visitors – Local communities – Specialist and enthusiast audiences 	<ul style="list-style-type: none"> – Website and social media – Printed publicity material (leaflets) – Hotels, station, TIC & M6 corridor distribution – Posters – Advertising – Press and Editorial – Direct staff engagement 	<ul style="list-style-type: none"> – Highlight the Costume Gallery in TH digital and print distribution – Add Costume Gallery section to the TH website – Press and editorial around opening, special events and exhibitions – Web monitoring – Produce regular press releases for local and specialist media
Local	<ul style="list-style-type: none"> – Local residents – Local schools and parents – Local stakeholder and user groups – Friends and patrons – Local authority 	<ul style="list-style-type: none"> – Website – Online learning resources – Electronic newsletter, – Social media, – Local press and media – School and community distribution channels established for printed materials 	<ul style="list-style-type: none"> – Add Costume Gallery section to the TH website – Local press and editorial around opening, special events and exhibitions – Produce quarterly e-newsletter, including for schools – Enhance twitter/facebook presence and feed into the website – Produce regular press releases for local and specialist media – Ensure TH print distribution includes schools & community groups
Advocacy	<ul style="list-style-type: none"> – Key influencers, – Donors – Potential donors – Friends and patrons – Trusts & Foundations – Funders and potential funders – Local authority – ACE and other major capital 	<ul style="list-style-type: none"> – Case for support, – Annual reports – Press – Website – Direct staff engagement 	<ul style="list-style-type: none"> – Produce and distribute case for support – Include impact and advocacy reporting in annual report and case for support – Produce regular press releases for local and specialist media

	project supporters		<ul style="list-style-type: none"> – Senior staff to map out advocacy plan
Peers	<ul style="list-style-type: none"> – Specialist audiences – Other culture and tourism providers in Cumbria / Borderlands – Professional colleagues nationally with shared interest 	<ul style="list-style-type: none"> – Local press, website, social media, Guidance notes 	<ul style="list-style-type: none"> – Renew website – Produce quarterly newsletter, enhance social media (twitter, facebook) – Engage with specialist professional media (e.g. Museum's Journal, Art Newspaper, Art Quarterly etc.)

11. Risk

Methodology

The register methodology adopted for this plan is the 'xy+x' model, which gives greater weighting to impact over likelihood.¹⁸

For example an event with medium likelihood (3) but low impact (1) scores 4 ((3x1)+1), whereas an event with medium likelihood (3) and high impact (5) scores 20 ((3x5)+5).

Minor risks: Scores under 10 = green

Moderate risks: Scores of 10 -19 = amber

Major risks: Scores of 20 and above = red

Likelihood of occurrence	High	5	6	12	18	24	30
		4	5	10	15	20	25
		3	4	8	12	16	20
		2	3	6	9	12	15
	Low	1	2	4	6	8	10
			1	2	3	4	5
			Impact				
			Low				High

¹⁸ Adopted from *A toolkit for effective risk management*, Kingston Smith

Risk Register

The risk register that follows adopts this 'xy+x' model and each risk is colour coded as above.

The register relates to risks with the operating business model. A risk register relating to specific risks on the capital project is included in the *Project Tullie* Masterplan and is available on request.

Operational risk register

Risk Identified	Likelihood	Impact	Score	Mitigation/control	Improvements	Action	Review
Visitor numbers							
Targets not met	5	4	24	Maintain ambitious approach to opening-up of the Museum post – pandemic		Director	Quarterly
				Marketing strategy in place	Continue to develop TH brand and respond to visitor numbers	Director/Comms	Ongoing
				Cost and activities constantly reviewed to ensure activities correlate with earnings	Quarterly management accounts reviewed by the board	Director/Finance	Quarterly
Targets exceeded	1	1	2	Detailed market analysis and benchmarking establishing targets.	Building flexible with capacity for considerably higher than predicted visitor levels. Business model links success with income, therefore extra resources can be channelled to respond to need for extra maintenance, cleaning, staffing etc....	Director/Finance	Quarterly

Visitor Expectations							
Visitor expectations not met	2	4	12	Planning for quality in all aspects of delivery of offer in an attempt to minimise the impact of the pandemic on visitors.	Quality monitoring factored into KPIs for regular review	Director / Head of Programme / Head of Collections and Engagement	Quarterly
				Maintain breadth of programme across exhibitions, film and events	Monitoring factored into KPIs for regular review	As above	Ongoing and Quarterly
				Expectations (particularly around programme) to be managed pre and post-opening.	Communications strategy includes being clear about the offer at Tullie House	As above	Ongoing and Quarterly
Communications							
Potential market not aware of Tullie House offer	1	5	10	Communications strategy to be implemented	Communications strategy across all channels respond to research on how potential visitors find out about TH	Communications	Ongoing. Quarterly Comms update to board
Tullie House has low local profile	1	4	8	As above	As above	As above	As above
Operations and earned income							
Catering targets not met	5	4	24	Prudent targets, benchmarked against relevant comparators. Partnership with experienced catering provider	Engagement of board member with specialist skills to advise on management of catering provider. On-going review of Covid impact and creative attempts at mitigation	Director/ Finance/ Board	Quarterly

Retail targets not met	5	3	18	Prudent targets, benchmarked against relevant comparators. Staff costs covered by FoH function	Costs and product lines kept under review. Engagement of board member(s) with specialist skills On-going review of Covid impact and creative attempts at mitigation	Director/ Finance/ Board	As above
Development income targets not achieved	3	3	12	Appointment of Fundraiser. Regular review of development performance.	Costs, especially staff costs, kept under review.	Director/ Board	Quarterly
Operational and building costs greater than planned	2	4	12	Allowances have been increased across utilities, maintenance, insurance in response to detailed benchmarking with other organisations. Building designed to environmentally be light-touch.	Potential to attribute more resource to this activity in the higher visitor number scenarios should this result in higher costs.	Director/ Finance	Quarterly
Financial management							
Fraud by staff or consultants	1	4	8	Systems in place involving Tullie House staff and external consultants	Systems continually reviewed and activity across all accounts monitored	Director/ Finance	Annual and ongoing
Organisational development and management							
Failure to recruit skilled key staff	2	3	12	Local communication of opportunities Perception that Tullie House is a good employer.	Demonstrate opportunities to develop within roles	Director / Board	ongoing

Key staff leave during capital phase	3	4	16		Organisational and project knowledge spread throughout the organisation and board;	All staff and board;	ongoing
Governance							
Board does not respond to challenges of capital project	1	3	6	Leadership of Chair and Director.	Successfully meeting key project milestones	Chair/ Director	Ongoing
Exhibitions and Learning Programme							
Costs under-estimated	1	4	8	Programme costs based on existing delivery model	Programme can be flexed to respond to unexpected costs	Director / Head of Programme / Head of Collections and Engagement	Quarterly

12. Economic Impact

Tullie House commissioned a 10-year Economic Impact Study to establish the impact of a proposed £17 million capital investment at the museum on the local, regional and wider economy.

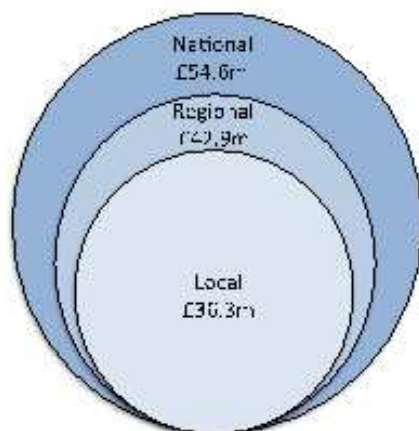
The study assesses the expected impact of the project in terms of volume and value of spend on the local, regional and national economic geographies across a number of sectors.

The business case for the *Project Tullie* projects 638,000 ticketed visits to the Museum over the 10-year period between 2020/21 - 2029/30.

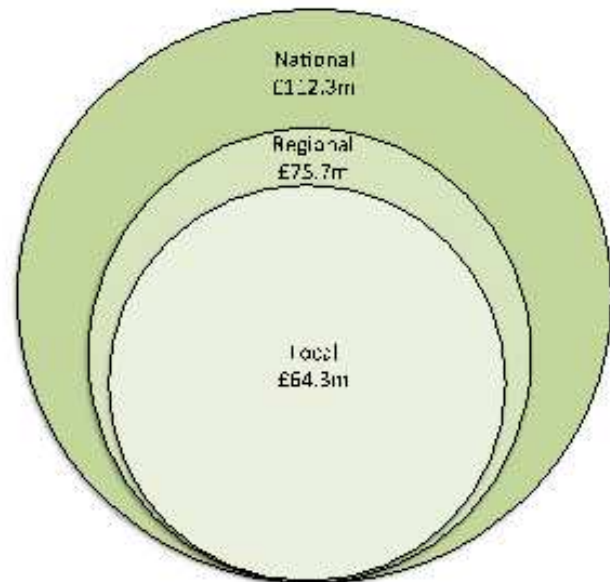
The developments will result in £1.8m of *additional* operational expenditure at Tullie House over the same period (excluding salary costs) and will directly support 35 FTE jobs in the region, with a further 48 FTE jobs supported in the wider economy (indirect and induced Impact).

In addition, the direct spend on construction through contractors and suppliers, will support approximately 50 construction-related jobs throughout the build process.

The study demonstrates that almost £112m will be generated over 10 years of the Economic Impact Study (2020/21- 2029/30) through three geographic areas (local, regional and national), as follows:



10 year impact, no project,
2020/21 – 2029/30



10 year impact, project go-ahead
2020/21 – 2029/30,
80,000 ticketed visitors p.a.

Appendix I: Action Plan 2018-22

This Action Plan was written pre-pandemic and will be revised in 2020/21 to reflect the current situation.

Financial Sustainability				
Aim	Financial Sustainability			
Objective 1.	Develop an organisational focus on generating greater earned income and delivering efficiency savings			By Who m By When
Deliverables	1.1	Ensure that staff and trustees are fully engaged in understanding the need to focus organisational effort on income generation. Ensure that recruitment is focused on employing staff with experience of income generation	SLT	Ongoing
	1.2	We will increase admissions to 47,000, a 14% increase on 2017/18. This will be achieved by: <ul style="list-style-type: none"> Rebrand of the Annual Ticket offer to include access to family events; Bespoke marketing campaigns for each exhibition Delivery of exhibition and engagement programmes to target general and cultural tourists linked to our two World Heritage Sites 	SLT	March 2020
	1.3	Increase admissions income (from 2017/18) by 36% (an increase of £35k) by 2020 and achieve Gift Aid target of £15k	SLT	2020
	1.4	Increase shop income by 3% (an increase of £2k) by 2020 (with no capital investment) and increase average profit margin to 50%	HC&E	March 2020
	1.5	Conduct tendering exercise for new caterers to improve the catering offer and increase turnover from 2020/21	HF&R	October 2019
	1.6	Increase income from learning activity (including schools, consultancy, university teaching) by 25% (from 2017/18 baseline) by 2020	HC&E	2020
	1.7	Generate at least £10k of income per year from curatorial research and development (e.g. loans, images, talks)	HC&E	2020
	1.8	Increase the number of Members to 300 by 2020 and Patrons to 30	HP&D	March 2020
	1.9	Developing our exhibitions programme in the following specific ways: <ul style="list-style-type: none"> Develop high quality exhibitions, using minimal expenditure and maximizing efficient use of materials by recycling & reusing Minimise costs by working in partnership, seeking funding opportunities and efficiencies Be clear about our target audience (ref. 1.2), our marketing and how we can maximise income generation opportunities Maximise the income potential of collections and associated events & engagement through the temporary programme 	HP&D	Ongoing

		<ul style="list-style-type: none"> ○ Ensure better collaboration via the Programme Executive Group to ensure greater communication across the organisation 		
	1.10	Commit to reducing our carbon footprint by: <ul style="list-style-type: none"> ○ Giving staff Carbon Literacy training to all staff and feeding this into our Environmental Action Plans ○ Agree annual carbon reduction and water consumption targets with Julie's Bicycle based on 2018/19 baseline with progress reviewed annually against targets ○ Increase energy efficiency through capital redevelopments and incremental improvements ○ 	SLT	Ongoing March 2020 Q2 2019 Ongoing
	1.11	Update Procurement Policy	Dir	October 2019
Objective 2.	Improve management information so that the Senior Leadership Team and Management Team can better manage performance		By Who m	By When
	2.1	Ensure that the Management Team provide Senior Leadership Team with accurate monthly KPIs so that all levels of management can understand and manage performance effectively	SLT	Ongoing
	2.2	Ensure that the Trust's CRM system (TOR) is fit for purpose, maintained and effective communication with supplier is adhered to.	HC&E & HP&D	March 2020
	2.3	Ensure that the Trust uses its Audience Development Plan to drive up admissions, memberships and earned income to ensure we achieve targets in 1.2	HC&E & HP&D	Ongoing
	2.4	As part of CMC we will fulfil our survey requirements for the Audience Finder prog (380) and the Impact and Insights evaluation programme (four in 2019/20)	HC&E	March 2020
	2.5	Review Emergency Plan by the end of March 2020	SLT	March 2020
Objective 3.	Secure funding to initiate a programme of capital developments designed to generate a significant increase in earned income		By Who m	By When
	3.1	Produce a comprehensive Masterplan showing the development potential of the site over a 15-year period	Dir & HP&P	September 2019
	3.2	Deliver DCMS / Wolfson funded Costume Gallery as Phase 1a of Project Tullie Masterplan, including securing additional funding from other sources (e.g. LEP, Garfield Weston)	Dir, HP&P, HC&E	March 2020
	3.3	Submit capital funding applications to HLF for Phase I of Masterplan	Dir & HP&P	November 2019

	3.4	Continue to undertake a programme of gallery refreshes using restricted reserves: Origins Gallery, Formations Display, new Social History Display	HC&E	March 2019
Objective 4.	Actively increase income from trusts, foundations, individuals and corporates		By Who m	By When
	4.1	Produce Fundraising Strategies for 2020 -2022 to focus on identifying funding opportunities, develop key stakeholder relationships, explore partnership opportunities and support/promote/strengthen charitable messaging. Produce separate fundraising strategy for Project Tullie.	HP&P	March 2020
	4.2	Secure funding to undertake the following curatorial projects: <ul style="list-style-type: none"> ○ Apply to Designation Development Fund for additional capacity and project funding within the natural Sciences collection ○ Use Curatorial Trainee post to generate income and increase collections access by April 2020 	HC&E	June 2019
	4.3	Work with our Trustees to develop our capacity to raise more income from fundraising, aiming to raise £100k of contributed income by 2020	Dir & HP&D	March 2020
Aim	Community Engagement			
Objective 5.	Focus on developing greater engagement with the Carlisle community		By Who m	By When
Deliverables	5.1	Across CMC deliver targeted activity programmes for 0-5s in response to high demand and identified potential for growth, with a 5% increase annually on the 18-19 baseline	HC&E	2022
	5.2	Ensure access and inclusivity is at the heart of our spaces and programmes: <ul style="list-style-type: none"> ○ Undertake an audit of our galleries/spaces to identify possible barriers to access. ○ All staff to attend diversity awareness training. ○ Explore new, inclusive approaches to interpreting collections in 18-19 and embed in 19-20. ○ Trial 'relaxed' craft sessions for families with children with SEND ○ Contribute to CMC target of increasing diversity of groups involved in developing exhibitions by 20% by 2022 	HC&E	March 2020
	5.3	Develop co-production with our communities and embed the Creative Case for Diversity within the organisation. <ul style="list-style-type: none"> ○ Actively participate in the cross-CMC Creative Case Action Group 	HC&E and HP&P	Ongoing

		<ul style="list-style-type: none"> Quarterly meetings of the TH CCD Action Group, under strategic development of the Programming Executive Group Continue to offer diverse artist response opportunities in partnership with Prism Arts Develop ongoing programme of gallery updates using the TH collections and principles of co-creation & CCD As part of CMC, share CCD learning and outcomes with museums across Cumbria 		
	5.5	Ensure Collections Management procedures are followed to the highest standards, working towards Level 4 requirements of Accreditation, with the aim of increasing accessibility of collections. Achieve Level 3 and create plan for achieving Level 4 by end of March 2020	HC&E	March 2020
	5.7	Develop Contemporary Collecting Programme to acquire and develop collections in partnership with local people, donors and grant giving bodies, including the development of a sector conference	HC&E	December 2019
	5.8	Contribute to the production of high quality publications which will support greater understanding of collections <ul style="list-style-type: none"> Academic research Publications relating to collections (2 by 2022) 	HC&E	2022
	5.9	Respond to national events and campaigns via social media and our programme	HP&P and HC&E	Ongoing
	5.10	Support contemporary artists to offer fresh perspectives on our sites and collections, subject to resources.	HP&P and HC&E	
	5.11	Create and deliver programmes that increase the number and range of school pupils engaging with the museum with a 5% annual increase on 18-19 baselines	HC&E	March 2020
	5.12	Extend Arts Award provision, contributing to reaching the CMC target of increasing the number of Arts Awards achieved annually by 27% from 776 to 985 by 2022	HC&E	March 2022
	5.13	Explore the development of a Carlisle LCEP as part of Carlisle Culture programme	HC&E	March 2020
	5.14	Deliver ACE funded programme of activity and participation for Young People at 300 participation days annually and deliver the HLF funded Hope Streets programme (ongoing to 2022).	HC&E	Ongoing
	5.15	Deliver targeted activity programmes for families, increasing engagement by family members at 5% annually from 18-19 baselines.	HC&E	2022

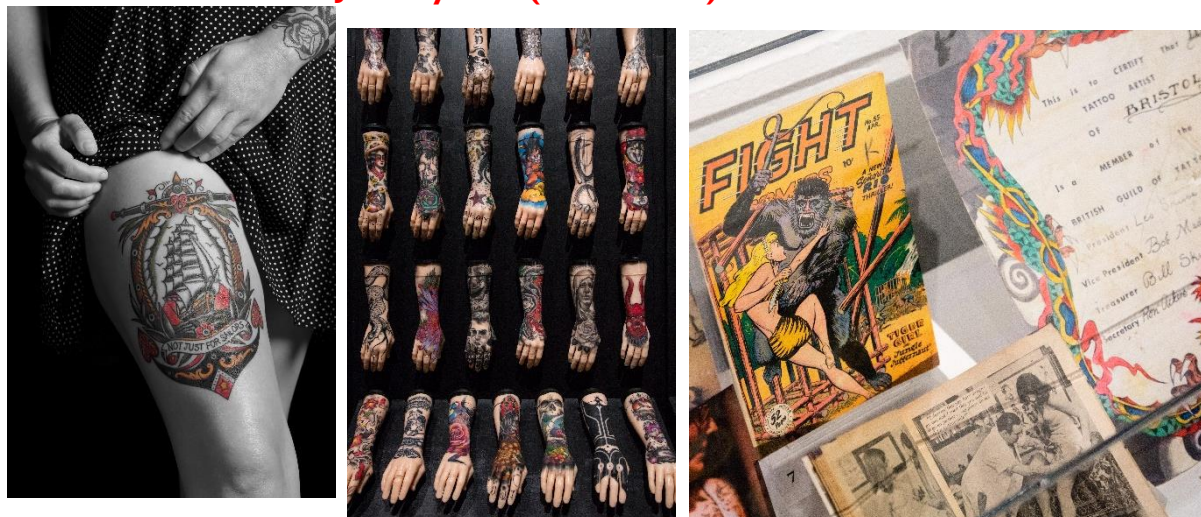
	5.16	Expand and develop our digital offer as part of CMC: <ul style="list-style-type: none"> ○ Pilot and deliver programme of virtual assemblies for teachers. ○ Support cross-departmental digital team to drive digital ambition and increase captured content (filming and live-streaming artists and curator talks etc). ○ Increase work with artists who create digital work (i.e. Creative Content), conducting scoping exercises and defining best practice by end of 2019 and a pilot project by end of 2022 ○ Deliver digital project with YP group ○ Ensure each exhibition features an element of creative media 	HC&E and HP&P	March 2020
	5.17	Create Volunteer Strategy and explore opportunities for funding with CVS to create Volunteer Coordinator post	HC&E & Dir	March 2020
	5.18	Create a delivery plan for the next four years of University of Cumbria MoU focussing on engaging more students with the programme and developing more teaching opportunities.	HP&P and HC&E	March 2020
Objective 6.	Continue to work with hard-to-reach groups within Carlisle and surrounding area		By Who m	By When
	6.1	Increase the number of active volunteers by 10% by 2022. <ul style="list-style-type: none"> ○ Work with CVS to identify fundraising opportunities for Volunteer Coordinator post ○ Develop Volunteer Strategy ○ Embed use of the Volunteer Makers platform and use 'blended-volunteering' to broaden the range of volunteering opportunities available by end 20209 ○ Liaise with sector and diversity partners to diversify the range of people able to access volunteer opportunities, including CVS and Prism Arts by 2020 	HR&V A	December 2019 March 2020

	6.2	Develop community and arts engagement with underrepresented groups <ul style="list-style-type: none"> • Continue to work with vulnerable adults, with a target of 600 participation days annually • Be active participants in the Carlisle Dementia Action Alliance and assist Carlisle's aspiration to become a Dementia Friendly City • Projects will be developed with artists from diverse backgrounds 	HC&E	Ongoing
Objective 7.	Strengthening our Hadrian's Wall offer		By Who m	By When
	7.1	Promote and champion links with Hadrian's Wall Partnership through building visitor awareness via internal and external marketing and communications <ul style="list-style-type: none"> • Remain a key partner in the Hadrian's Wall Partnership • Ensure we maximize the impact of the UNESCO World Heritage brand • Develop British Museum links in the interpretation of the Roman Frontier Gallery 	Dir, HP&D & HC&E	Ongoing
	7.2	As CMC Continue to invest time in cultural and tourism marketing partnerships including the Carlisle Cultural Consortium, Lake District China Forum, Japan Forum, Hadrian's Wall Country, Cumbria's Living Heritage and Borderlands. Play a leading role in cultural partnerships and projects that aim to embed culture into the county's tourism offer, and look to increase engagement with strategic bodies such the LEP and Britain's Energy Coast to ensure that they promote culture as central to the county's economic wellbeing Undertake an annual review to assess the productivity of Tullie House's partnership in the above organisations.	Dir. & HP&D	Ongoing
	7.3	Work with partners to further develop the China-UK Wall to Wall initiative between Hadrian's Wall and the Great Wall, including signing up to the Great China Welcome	Dir, HP&P & HC&E	Ongoing
Objective 8.	Develop international audiences from China or with communities interested in Chinese culture		By Who m	By When
	8.1	Bring world class collections to Cumbria from China and see collections shared internationally	HP&P and HC&E	March 2020

	8.2	<p>Work with local partners / initiatives to attract more international visitors from American and Far East Markets</p> <ul style="list-style-type: none"> • Develop guided tours in Mandarin by end 2019 • Work with Carlisle City Council on the England Originals aimed at the American market • Continue to attend Historic Quarter Meetings • 	Dir, DD & HP&P. HC&E	March 2020
	8.3	<p>Continue to develop the Chinese Engagement Programme in partnership with the Confucius Institute and as part of 5-year China Plan.</p>	HC&E	Ongoing

Tullie House Museum and Art Gallery
Exhibition Programme 2020-2021 – Internal Document Only

Tattoos: British Tattoo Art Revealed
17 October 2020 – 17 January 2021 (Dates TBC)



Private Preview: TBC

It is estimated that about one in five of the UK population is tattooed and this figure rises to one in three for young adults. And yet, whilst the visibility of tattooing in contemporary culture may feel like something new, tattoos and tattoo art have always held a significant place in Britain's history and historical imagination.

Tattoo: British Tattoo Art Revealed offers a genuinely ground-breaking and comprehensive history of British tattooing, featuring cutting edge designers, leading academics and major private collectors to tell a story that challenges long-standing myths and pre-conceptions about tattooing when it comes to class, gender and age.

The exhibition showcases the work of major tattoo artists from the Victorians to the modern day and is the largest gathering of real objects and original tattoo artwork ever assembled in the United Kingdom. The exhibition features items from three of the most important private collections of tattoo material in Britain, belonging to Willie Robinson, Jimmy Skuse, and Paul 'Rambo' Ramsbottom, providing a rare opportunity to display original artwork and artefacts not otherwise on public display. The exhibition also delves into previously unseen private archives that reveal hidden histories, including the incredible real story of Britain's pioneering female tattoo artist, Jessie Knight.

Tattoo: British Tattoo Art Revealed is curated by the National Maritime Museum Cornwall, an independent Museum based in Falmouth.

New Light: 10 Year Anniversary Exhibition
30 January 2021 – 20 March 2021 (Dates TBC)



Private Preview: TBC

Following the success of the New Light: Real Northern Art Prize exhibition in 2018, we are again working with the charity New Light to deliver an even more impressive exhibition in their 10th anniversary year.

The showcase is one of the largest and acclaimed open exhibitions, highlighting contemporary artists who demonstrate exceptional application of practised skills, such as painting, drawing and print making; it is open to artists who were born, live or study art one of the historical counties of the North of England. A shortlist of 150 works have been selected to tour from Scarborough Art Gallery to Tullie House and then onto London later in 2021.

All works in the exhibition are available to buy and the exhibition will be complemented by a programme of events giving opportunities to meet the artists and discover more about their practice.

Driggsby, A Whale's Tale

2 April 2021 – 19 June 2021 (Dates TBC)

in partnership with Prism Arts



Private Preview: *VIP and Schools event, Thursday 1 April (TBC)*

An exciting new immersive, interactive and inspiring exhibition from the imagination of over 200 children from schools on Cumbria's west coast, telling the story of Driggsby the fin whale. Discover Driggsby's underwater world, meet the amazing creatures she shares the oceans with and follow her journey through dark tunnels, to the Mermaid's house, on to the North Pole and beyond.

Driggsby was a 12-metre-long, juvenile fin whale who washed up on Drigg beach and is now on display as part of the Tullie House collection. But how did she get here? Why did a young whale end up on a west Cumbrian beach?

Children from West Cumbria have worked with Prism Arts and Tullie House to explore life in our oceans, discover how Driggsby might have journeyed to Cumbria and learn why whales have been the inspiration for myths and legends. During this 18-month project, the children conducted beach cleans led by Workington Nature Partnership and saw for themselves how much rubbish can be found on our coastline. They left with a greater understanding and appreciation for the environment and are keen to spread the message that, in their own words, "The ocean is not a bin!"

Driggsby: A Whale's Tale is a partnership project between Tullie House Museum and Art Gallery and Prism Arts, funded by the National Lottery Heritage Fund.

Participating schools are: Ashfield Infant & Nursery School, Distington Community School, Holme St. Cuthbert School, Mayfield SEND School, Seascale Primary School and St Michael's Nursery & Infant School.



Audience Spectrum Segment Overviews

Up to date and in-depth information about each segment can found at:

<https://www.theaudienceagency.org/audience-spectrum/profiles>

Metroculturals

Prosperous, liberal urbanites, Metroculturals choose a city lifestyle for the broad cultural opportunity it affords. They are therefore interested in a very wide spectrum of activity, but many tend towards their own preferred artform or style. Although active museum attenders, more engage with the arts and many on a weekly basis. Working in demanding but rewarding professions, they are highly educated and have a wide variety of other interests from food and travel to current affairs and architecture.

Commuterland Culturebuffs

Affluent and settled with many working in higher managerial and professional occupations. Commuterland Culturebuffs are keen consumers of culture, with broad tastes but a leaning towards heritage and more classical offerings. Mature families or retirees, living largely in leafy provincial suburban or greenbelt comfort, they are willing to travel and pay for premium experiences, their habits perhaps influenced by commuting. Motivations are multiple, ranging from social and self-improvement, to the pursuit of learning opportunities for older children. They tend to be frequent attenders and potential donors.

Experience Seekers

An important and significant part of urban arts audiences, these highly active, diverse, social and ambitious singles and couples are younger people engaging with the arts on a regular basis. Students, recent graduates and in the early to mid-stages of their careers, they live close to city centres, have easy access to and attend a wide variety of arts, museums galleries and heritage. Interests cover mainstream, contemporary and culturally diverse offers and attending is at the heart of their social lives. They are mostly in search of new things to do and have disposable income to spend on a variety of leisure activities like sports/arts memberships and frequent visits to cafes, bars and restaurants. Digitally savvy, they will share experiences through social media on their smart phones.

Dormitory Dependables

A significant proportion of audiences are made up of this dependably regular if not frequently engaging group. Most live in suburban or small towns and show a preference for heritage activities, alongside popular and more traditional, mainstream arts. Many are thriving well off mature couples or busy older families; lifestage coupled with more limited access to an extensive cultural offer mean that culture is more an occasional treat or family outing than an integral part of their lifestyle.

Trips & Treats

While this group may not view arts and culture as a passion, they are reasonably active despite being particularly busy with a wide range of leisure interests. Comfortably off and living in the heart of suburbia their children range in ages, and include young people still living at home. With a strong preference for mainstream arts and popular culture like musicals and familiar drama, mixed in with days out to museums and heritage sites, this group are led by their children's interests and strongly influenced by friends and family.

Home & Heritage

Conservative in their tastes, this more mature group appreciates all things traditional: a large proportion are National Trust members, while classical music and amateur dramatics are comparatively popular. While this is not a highly engaged group - partly because they are largely to be found in rural areas and small towns - they do engage with the cultural activity available to them in their locality. They look for activities to match their needs and interests, such as accessible day-time activities or content exploring historical events.

Up Our Street

Living reasonably comfortable and stable lives, Up Our Street engage with popular arts and entertainment and museums, and are also visitors of heritage sites. Many are older and have some health issues, living on average or below average household incomes, so access in all its forms can be an issue. Modest in their habits and in their means, value for money and low-risk are important factors in leisure decision making.

Facebook Families

Arts and culture play a very small role in the lives of this younger, cash-strapped group living in suburban and semi-urban areas of high unemployment. They are the least likely to think themselves as arty, while less than a third believe that the arts is important. Nevertheless, they do go out as families: cinema, live music, eating out and pantomime.

Kaleidoscope Creativity

Characterised by low levels of cultural engagement despite living in and around city areas where plenty of opportunities are within easy reach. A great mix of people comprise this segment with a wide range of ages, living circumstances, resources and cultural backgrounds all living cheek-by-jowl. Low incomes and unemployment can present barriers to accessing some cultural provision. Nevertheless, two thirds do engage with more popular and accessible culture annually, some of this in the local community and outside the mainstream. Free, local events like outdoor arts, festivals and carnivals may appeal, and so might popular offerings like musicals and music events.

Heydays

Heydays are the group least likely to attend arts or cultural events, believing that the arts are no longer as important or relevant to them as perhaps they once were. Many live in sheltered or specially adapted accommodation for older people, and are excluded from many activities due to

a raft of health, access and resource barriers. If they do engage this is likely to be participatory such as craft and knitting, painting, reading and writing activities organised by their sheltered housing, church group or community library.

APPENDIX 2

1. Lease and Occupational Arrangements

a) Tullie House Museum (THM)

Lease dated 27 March 2013 between Carlisle City Council (CCC) and Tullie House Museum & Art Gallery Trust (THT). Principal terms are as follows: -

Term: 30 years from 1 April 2011 (expires 31 March 2041)

Rent: Nil

Repairs (Main structure & major plant (inc. boilers, lifts, A/C & Air Handling units))¹: CCC

Repairs (Internal & minor plant)¹: THT

Decoration (internal and external): THT

Authorised Use: Museum, art gallery, restaurant bar, entertainment, room hire, wedding venue etc ²

Outgoings: THT pays utility costs etc (N.B. CCC pays the electricity costs and then recovers these from the THT)

Alterations: THT may carry out only non-structural alterations without CCC's consent

Alienation: THT generally prohibited from assigning / underletting etc but franchises and concessions are allowed.

Security of Tenure: None ³

Notes

¹ The liability of both parties is limited to a condition no better than that evidenced by a schedule of condition that was prepared around the time that the lease was granted.

² Any use has to be in accordance with the charitable aims of the THT

³ The THT has no automatic right to a new lease on expiry of the current one

b) Herbert Atkinson House (HAH)

No lease currently in place. THT occupy the building with the agreement of CCC but have no formal right of occupation. CCC's Executive did approve a report recommending the grant of a lease to the THT in 2014 on similar terms to the Tullie House lease. However, despite a draft lease being issued this was never completed and about 4 years ago CCC put the discussions on hold in order that an asset review could be undertaken.

Over recent years, despite there being no formal agreement between CCC & THT the parties have operated on the same lines as they do under the lease for the THM regarding the undertaking of repairs and payment of costs

2. Financial Implications / Commitments for Carlisle City Council

Tullie House Museum & Herbert Atkinson House

Annual Revenue Costs

Maintenance costs – c. £50,000 per annum has been incurred by the Council over the last five full 5 FYrs in connection with it's repairing obligations

Insurance – c.£96,000 per annum has been incurred by the Council over the last 2 full FYrs on a range of building and contents (inc the collection) insurance policies.

N.B – the 2018/19 total included an exceptional one-off cost of £4,377

Capital Costs

THM – c.£82,000 has been incurred by the Council on major works since FY 2017/18

HAH – c.£30,000 has been incurred by the Council on major works since FY 2015/16

The Council budgets approximately £20,000 per annum for the renewal and replacement of plant items.

3. Condition Surveys

The Council most recently commissioned independent in late 2017 conditions surveys for both THM and HAH. At the time these identified the following combined backlog and renewal costs for each building as follows:

Tullie House Museum - £1,989,000. However, 98% of this cost though was classed as priority 3 (Desirable) work which could be undertaken over the next 10 year period or so.

Notably, the survey identified some major works were identified for the period including 2023. These include (with indicative costs only) external cladding (£35,000), windows, (£25,000), calorifiers (£5,500). Most significant of all though is the replacement of no. 4 air handling units with an estimated cost of £230,000 each.

The Council Property Services team have considered this latter item and discussed it with an external supplier and are of the view that these costs could be phased over say the next ten years and that in reality renewal would take the form of component replacement. This item alone does however bring

into focus the potential costs that are likely to be incurred in keeping the building in good order going forward.

It should also be remembered that the THM is a grade 1 listed building of traditional construction and therefore it is always going to be relatively expensive to maintain.

Herbert Atkinson House – £70,400. 40.7% of this work was classed as priority 2 (Essential) and 55.6% as priority 3 (Desirable). None of the items here are as substantial as with the Tullie House Museum but again it is clear that this building will require ongoing expenditure particularly given it's age and that it is also a listed building (grade 2).

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 12 OCTOBER 2020

EX.121/20 TULLIE HOUSE BUSINESS PLAN 2020/21

(Key Decision – KD.24/20)

(Public and Press excluded by virtue of Paragraph 3)

(In accordance with Regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, The Mayor had agreed that the decision in relation to this item of business was urgent and could not reasonably be deferred)

Portfolio Culture, Heritage and Leisure

Relevant Scrutiny Panel Health and Wellbeing

Subject Matter

The Culture, Heritage and Leisure Portfolio Holder submitted private report CS.31/20, the purpose of which was to introduce and allow consideration of the Tullie House Museum and Art Gallery Trust 2020/21 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 Tullie House Trust, which stated that the Business Plan submitted by the Trust should be used as the basis for agreeing future years funding.

Details of the background position; core grant; lease arrangements; building and collection financial implications; impact of COVID-19 and impact of the proposals put forward by Tullie House Trust were provided within the report.

The Executive was asked to give initial consideration to the Business Plan and refer that to the Health and Wellbeing Scrutiny Panel for their review and recommendations.

The Portfolio Holder emphasised the importance of considering the development of future options for the Council and the Tullie House Trust, as identified at Section 8 of the report, as part of the process. He added that the Trust had today received a Government grant which may impact upon their Business Plan.

The Culture, Heritage and Leisure Portfolio Holder concluded his presentation by moving the recommendation which was seconded by the Communities, Health and Wellbeing Portfolio Holder.

Summary of options rejected that the Business Plan should not be referred for
scrutiny

DECISION

That the Executive had given initial consideration to the Tullie House Trust Business Plan (Report CS.31/20) and referred it to the Health and Wellbeing Scrutiny Panel on 19 November 2020 for their review and recommendations.

Reasons for Decision

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

EXCERPT FROM THE MINUTES OF THE HEALTH AND WELLBEING SCRUTINY PANEL HELD ON 19 NOVEMBER 2020

HWSP.71/20 TULLIE HOUSE BUSINESS PLAN (Public and Press excluded by virtue of Paragraph 3)

The Vice Chair welcomed Andrew Smith – Chairman, Andrew Mackay – Director and Board Member, Katie Proud – Head of Finance and Board Member and Anna Smalley – Head of Collections and Engagement, from Tullie House.

The Health and Wellbeing Manager presented private report CS.31/20, the purpose of which was to introduce and allow consideration of the Tullie House Museum and Art Gallery Trust 2020/21 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 Tullie House Trust, which stated that the Business Plan submitted by the Trust should be used as the basis for agreeing future years funding.

Details of the background position; core grant; lease arrangements; building and collection financial implications; impact of COVID-19 and impact of the proposals put forward by Tullie House Trust were provided within the report.

The Executive had considered the matter on 12 October 2020 (EX.121/20 refers) and referred the report to the Panel for their review and recommendations.

Mr Smith, Chairman, informed the Panel that Tullie House had recently been awarded £494,800 as part of the Government's Culture Recovery Fund to help face the challenges of the coronavirus pandemic, this resulted in the proposals for core funding to remain almost as they had been in the previous year.

Mr Smith reminded the Panel of the commitment to Project Tullie and reported that reserves had been set aside to support the Project. Tullie House had been successful in attracting funding and this had supported the reserve and been invested into the new Costume Gallery. He set out the importance of the Project to both Tullie House and the Council and drew the Panel's attention to some maintenance issues within the building.

Mr Mackay, Director, updated the Panel on how Tullie House had responded to the Covid-19 pandemic, the impact to Tullie House income and detailed the exhibitions and community work that had been undertaken in the last twelve months.

Ms Smalley, Head of Collections and Engagement, detailed the Community and Wellbeing Programme for Tullie House.

The Panel acknowledged the outstanding exhibitions and community engagement that Tullie House undertook and congratulated them on securing exhibitions such as Turner and Rembrandt.

The Panel discussed Project Tullie and the capital investment and felt that any decision should be delayed until further consideration of the Business Case and potential impact on future revenue could be investigated further.

The Panel questioned Tullie House representatives on their commercial strategy, how they were addressing climate change issues and the timescales for Project Tullie and any capital investment.

The Leader commented that it was a very uncertain time for the Council, who were in a difficult financial situation, any capital investment and revenue savings had to be investigated thoroughly and taken through the correct decision making process. He added that he was keen to ensure a continuation of the good dialogue with Tullie House regarding Council support for their future plans.

The Deputy Chief Executive clarified the Council's role in the building and collection maintenance at Tullie House and assured the Panel that the preservation of the collection was a priority.

RESOLVED – 1) That the Panel had considered the funding proposals made by Tullie House Board, in the context of the information that they provided regarding challenges and opportunities set out in their Business Plan contained in report CS.35/20.

2) The Panel recommend to the Executive that they revisit the Business Case for investment in Project Tullie.

3) That Mr Smith, Mr Mackay and Ms Smalley be thanked for their presentations and for their detailed answers to the Panel's questions.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 14 DECEMBER 2020

EX.158/20 **TULLIE HOUSE BUSINESS PLAN 2021/22

(Key Decision – KD.24/20)

(Public and Press excluded by virtue of Paragraph 3)

(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

Pursuant to Minute EX.121/20, the Culture, Heritage and Leisure Portfolio Holder submitted private report CS.37/20 providing an overview and analysis of the September 2020 update of the Tullie House Museum and Art Gallery Trust 2020-2025 Business Plan (Appendix 1).

Members were reminded that the purpose of this 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 Tullie House Trust (THT), which stated that the Business Plan submitted by the Trust to the City Council should be used as the basis agreeing future years funding.

The Culture, Heritage and Leisure Portfolio Holder highlighted the £494,800 award which Tullie house had received as part of the Government's Culture Recovery Fund and the impact to core funding. He provided an update on matters since the production of the report

The Health and Wellbeing Scrutiny Panel had scrutinised the matter on 19 November 2020, resolving that:

- 1) That the Panel had considered the funding proposals made by Tullie House Board, in the context of the information that they provided regarding challenges and opportunities set out in their Business Plan contained in report CS.35/20.
- 2) The Panel recommend to the Executive that they revisit the Business Case for investment in Project Tullie.
- 3) That Mr Smith, Mr Mackay and Ms Smalley be thanked for their presentations and for their detailed answers to the Panel's questions.

Minute Excerpt HWSP.71/20, setting out the Panel's observations on the matter, was also submitted.

The Culture, Leisure and Heritage Portfolio Holder concluded by moving the recommendation that future core grant allocations for 2021/22 to 2023/24 remain as built into the Council's Medium Term Financial Plan. The Communities, Health and Wellbeing Portfolio Holder seconded the recommendation.

Summary of options rejected other options on the level of core grant to be provided

DECISION

That the Executive:

1. Had reviewed the Tullie House Business Plan before making any recommendations to full Council for consideration.
2. Had considered the proposals made by the Tullie House Board for core funding from 2021/22 to 2023/24 as at page 42, point 6.3 of the Business Plan; and that future core grant allocations for 2021/22 to 2023/24 remain as built into the Council's current Medium Term Financial Plan.

Reasons for Decision

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