

Executive Member for Culture, Leisure & Tourism

18 April 2017

Report of the Corporate Director of Children, Education and Communities

York Museums Trust Funding 2017-20

Summary

1. This report sets out the funding agreement between the Council and York Museums Trust (YMT) for the period 2017-20.

Recommendations

2. The Executive Member is asked to approve the Funding Agreement.
Reason: To ensure a vibrant and sustainable museums service over the long-term.

Background

3. In April 2016, following a scrutiny review, the Executive agreed that:
 - a) In regard to the Council's financial contribution to YMT:
 - A Funding Agreement be developed and maintained consisting of four elements:
 - Common Partnership Objectives for Museums Provision
 - Reporting Mechanisms
 - A 5 year rolling Financial Plan
 - A projected Capital Development Plan to inform the Council's consideration of its support of YMT's capital development programme
 - b) In regard to future custodianship arrangements:
 - A consistent charitable framework be implemented for all assets and collections, which together with the proposed Funding Agreement, will replace the various current legal agreements.

- c) To ensure YMT can operate as an effective business-like charity:
 - o The Common Partnership Objectives for Museums Provision set out in the report be endorsed as the partnership's long- term shared intentions
 - o Reporting arrangements be adopted whereby Learning and Culture Scrutiny Committee receive bi-annual reports on developments and challenges with respect to the Common Partnership Objectives, the Financial Plan and the Capital Development Plan as the basis for discussion on shared opportunities for the partnership between the Council and YMT
- 4. This report provides the elements required under section a) above.
- 5. The proposed future custodianship arrangements (section b) will be reported to the Executive in due course.
- 6. The scrutiny review of the Council's relationship with YMT that reported to the Executive in April last year, recognised that it is essential for the Council to continue to make an annual revenue contribution to YMT and recognised that the Council would need to provide YMT with as much certainty about its funding contribution over the life of the 5 year financial plan as it could (recognising that the Council cannot commit future administrations with regard to grant funding levels).
- 7. It was agreed that the Council's financial contribution should be in respect of the core purpose of maintaining and operating the museums.
- 8. The Scrutiny Committee noted that the financial plan would need to provide for a healthy bottom line that would provide a contingency against shortfalls in income, build up depleted cash reserves, assist with the cash-flow requirements of capital projects, and provide match funding for capital projects
- 9. The Scrutiny Committee also recommended a process for reviewing the Council's financial support to YMT through an annual discussion to take place between YMT and the Council. In support of that discussion YMT would provide their refreshed 5 year financial plan and an updated capital development plan. It was proposed that this annual discussion take place during August-September each year so that the product of the discussion could be factored into the

Council's annual budget setting process. Once the budget for the following financial year is set in February the updated Funding Agreement can be formalised by the Executive Member.

10. This process was followed during 2016/17 and resulted in the following decisions agreed at Budget Council:
 - Revenue funding to YMT being set at £407k for 2017/18, £307k for 2018/19 and £307k for 2019/20
 - Capital investment of £800k in 2017/18 to support the ongoing investment in the museum product across all sites over 2017-20Revenue funding in 2016/17 was £607k which means that council funding to YMT has been maintained at the same level overall across the period 2017-20. Additionally, the Council has agreed:
 - Capital funding to progress a major scheme for the refresh and refurbishment of the Castle Museum of £200k per annum in each of the three year 2017-20

The Funding Agreement

11. The funding agreement is to consist of four elements:
 - i. Common Partnership Objectives for Museums Provision
 - ii. Reporting Mechanisms
 - iii. The 5 year rolling Financial Plan
 - iv. The Projected Capital Development Plan
12. **The Common Partnership Objectives** for Museums Provision as agreed by the Executive are:
 - Creation of museum and gallery provision capable of contributing to positioning York as a world class cultural centre
 - Provision that is a source of inspiration and enjoyment for all and a stimulus for learning and skills development
 - The protection and conservation of the collections, gardens and buildings for future generations including improved storage
 - Promotion of the city's museums and collections through a varied range of activities which could include exhibitions, displays, community projects, volunteering opportunities, formal learning for schools, informal activities for families, and adult learning
 - Increased access to the city's collections, gardens and buildings and increasing visitor numbers, especially young people

- Recognition of the special significance of the museums and gallery for York residents through the maintenance of pricing incentives for York residents and opportunities for free access
- The facilitation of access for those most likely to be excluded through a range of outreach activities and pricing mechanisms
- Excellent customer service and visitor experience
- Improved public realm through capital investment and imaginative interpretation schemes
- Active international partnerships to enhance public programmes, to increase YMT's and the city's reputation, and to raise funds
- Retention of registered museum status and development of the designated collections to ensure maximum public benefit
- The maintenance of the Museum Gardens on the Register of Parks and Gardens of Special Historic Interest maintained and the register of botanical gardens
- Public access to the Museum Gardens daily (except relevant Christmas / New Year holidays) unless closure is necessary for reasons of public safety
- Effective, open and transparent governance including an effective access and equalities policies covering trustees and staff recruitment practices

13. Biannual **Reporting arrangements** to Learning and Culture Policy & Scrutiny Committee are already in place.

14. **The 5 year rolling Financial Plan** is attached at Annex 1. The Financial Plan is based on YMT's strategic plan and takes account of YMT's application for four years of National Portfolio Organisation (NPO) funding from Arts Council England which, if successful, will provide £1.23m of revenue funding from 2018 to 2022. The strategic plan has five objectives:

- The York Castle Museum major capital project and developing the Castle area as a cultural quarter
- Excellent, high profile programming, including strategic YMT-led events to attract visitors to York and high quality exhibitions at York Art Gallery
- Expanding Enterprises, building on success, becoming a more business-like charity and increasing our income streams and resilience

- Ensuring a high-quality, 21st century visitor experience, pro-actively engaging visitors and sharing narratives
- Improving York's and York Museum Trust's profiles through local, regional and international leadership, partnership and delivering on all the expectations of key stakeholders

15. These objectives emphasise two significant growth strategies:

- In the short to medium term, investment in the high quality public programme of exhibitions and events in order to attract and new and repeat visitors to YMT's main venues, and,
- In the longer term, major capital investment with the main priority being York Castle Museum, as part of the wider Castle Gateway scheme.

These are reflected in YMT's application to Arts Council England for National Portfolio Organisation funding.

16. Excellent, high profile programming is a headline priority. YMT has already developed a strong reputation for ambitious exhibition programming inspired by the city's nationally important Designated collections, together with original research, exciting artists - local, national and international - and using innovative and engaging interpretation. Over this period YMT will deliver an ambitious major public programme with significant new offers each year at York Castle Museum (YCM), York Art Gallery (YAG), Yorkshire Museum (YM), and the Museum Gardens (MG) together with programme at St. Mary's Castegate (YSM). The programme will include internationally important cultural experiences that will draw visitors to York, will be drawn from our local collections and will create appreciation of York as a world class cultural centre. The indicative programme at this stage is as follows:

17. 2017-18:

- YCM - Chocolate: York's Sweet Past
- YAG - Albert Moore: Of Beauty and Aesthetics; Picasso: Ceramics from the Attenborough Collection; Paul Nash and the Uncanny Landscape: An Exhibition Curated by John Stezaker
- YM - Viking: Rediscover the Legend (Partnership with the British Museum)
- YSM - Susan Aldworth - The Dark Self (Partnership with University of York)

18. 2018-19:

- YCM: exhibition of Vivienne Westwood shoes
- YAG: exhibitions on internationally important ceramic artist Lucie Rie in collaboration with Lakeland Arts and Pallant House; 'The Sea is the Limit' with works by international contemporary artists exploring themes of migration; 'Strata' showcasing international digital artists including Isaac Julien and Superconductor in partnership with FACT; 'The BFG in Pictures'
- YM: exhibition on 'Jurassic Yorkshire' drawing on YM collections including the popular ichthyosaur

19. 2019/20:

- YCM: a commission to artist Nick Veasey to explore social history objects; 'People's Choice' exhibition selected by the public
- YAG: exhibitions on York born contemporary artist Harland Miller which we tour to other venues; 'Turner / Ruskin' research led exhibition in partnership with Lakeland Arts and the University of York (UoY) which will tour to Abbot Hall, Kendal; Netherlandish art around Dierich Bouts in partnership with the National Gallery and UoY
- YM: Roman exhibition based on new research into the collections

20. 2020/21 and 2021/22:

- YCM: 'Castle Lives' highlighting the stories of the people who lived, worked or were imprisoned throughout the Castle's history
- YM: exhibition of European Medieval art
- YM celebration of the bicentenary of YM founding organisation the Yorkshire Philosophical Society (YPS)

21. YMT has a track record of strong financial management and income generation, driven by the need to adapt to a changing financial environment. YMT will continue their success by:

- Growing visitor numbers and, therefore, admissions income and Gift Aid
- Expanding York Venues' successful wedding and conference business
- Expanding the new membership scheme and building a base of loyal supporters

- Utilising the improved asset that is York Museum Gardens
 - Utilising the improved asset that is York Art Gallery
 - Raising funds for further capital investment in the public offer
 - Expanding their fundraising capacity and broadening their funding base
22. YMT's business model of charging for admissions, and offering good value annual memberships, means that growth in visitor numbers translates directly into improved financial sustainability. Retail and catering profits are also linked closely to visitor numbers whilst increasing commercial revenue is another key priority for YMT. The forecast shows growth in admissions income, YMT Card sales, Gift Aid and Enterprises income up until 2021, when York Castle Museum figures will begin to be affected by the major capital works.
23. In terms of reserves, the plan shows that a surplus of c.£400k in 2016-17 will boost YMT's General Reserve to c.£1.9m, which is approximately the equivalent of 3 months' expenditure and in line with its target. Council revenue funding is due to reduce by £200k in 2017-18 and a further £100k in 2018-19 and the lower projected revenue surpluses reflect those decreases. YMT is still aiming to grow overall revenue income during 2017-2020, from £6.55m to £7.1m, but increasing costs are associated with that growth and expenditure is forecast to increase from £6.15m to £7.1m over the same period.
24. By 2020/21 YMT is aiming to have a General Reserve of c.£2m to mitigate against risk and provide some working capital for its development projects. Aside from the development projects, there are significant risks associated with this business plan. In particular, YMT is increasingly reliant on visitor related income; it should be noted that visitor numbers can vary significantly due to many factors outside of YMT's control. Another key risk at the moment is the outcome of the NPO application. (The outcome will be known by July 2017). YMT also aims to create a Capital Reserve to support its capital investment ambitions and will need to raise funds accordingly (see separate plan).
25. The forecast from the calendar year 2021 onwards shows the projected, temporary impact of the capital project at York Castle Museum on revenue income and costs. This suggests that YMT will need further support during this important transitional period.

26. **The Capital Development Plan** will focus on the Castle Museum. Long-term sustainability requires periodic capital investment and partnership is key to this in YMT's approach. YMT is working in partnership with the council, English Heritage and a private developer within the Castle Gateway project to fulfil the transformational potential of the Castle Museum redevelopment project. The council has supported this with £600k over 2017-20 in order to assist with the drawing up of a scheme and funding bids including to the Heritage Lottery Fund. Further capital support will be required from the Council, assuming the bid is successful, in order to deliver the scheme.
27. The development of this project ties in strongly with the City's Economic Strategy 2016-20, which commits to "develop a new iconic public open space around Eye of York, with architecture that is an attraction in itself and reason to re-visit/re-think York, and where things happen." In January 2017 the Executive approved a vision which included: "The redevelopment of the Castle Museum and Clifford's Tower as the anchor cultural attractions for the Castle Gateway area."
28. YCM's collection, with c.350k objects, is one of the best social history resources in the UK and its importance makes it the equivalent of a national museum of everyday life. YCM has benefitted from a series of medium-scale investments, including a £2m access, infrastructure and exhibitions spaces project in 2014. Nevertheless, and despite YMT's successes and awards, the infrastructure and visitor facilities remain inadequate and the building fabric needs significant conservation work. YMT has ambitious plans to address this through a significant project which will improve facilities, create new exhibitions, and reinterpret the collections and the Scheduled Monument. By 2022 YMT aim to be on site with a project that will build a high quality architectural intervention to link our two buildings, provide disabled access to all floors, improve the visitor experience and create new spaces for income generation. New displays and exhibitions will make YCM a must-see, welcoming place which tells the national story of the Castle area as a power base in the North of England and how that power impacted on ordinary people. Its collections, period rooms and immersive environments will show how extraordinary the everyday, ordinary lives of people become when seen through the lens of time. York stories from Rowntree to Dick Turpin and the voices of York people will be threaded throughout adding to the sense of place, offering a 21st century experience where the past

has contemporary resonance, where visitors choose how to experience, enjoy, and explore the site and collections, and where history is accessible to all.

29. During 2018-20 YMT will be in the latter stages of testing and consultation in order to finalise development plans. Programming at YCM will include two exhibitions: 'Peoples Choice' and 'Castle Lives' that will enable YMT to gather more input from local people in 2019/20, and a year of testing a range of digital interactives, immersive experiences and resource areas in the Castle Museum.
30. The major capital project will also dove-tail with another project to greatly improve collections storage and management. YMT will deliver a new storage project involving relocation, documentation and digitisation of the collection and will improve the storage conditions, making them more accessible.

Options

31. Options open to the Executive Member include:
 - a) To approve the Funding Agreement
 - b) To propose amendments

Analysis

32. The Funding Agreement as proposed represents the best opportunity for YMT to build on its record of success. Rather than trying to invent a new business model, or drastically reducing their activity, their proposed strategy will be to build on the successes that have already been achieved in order to ensure a sustainable future for the city's museums.

Implications

33. **Finance:** The implications are set out in the body of the report, particularly at paragraph 7. The proposed revenue and capital allocations to YMT can be funded within the current budgets that were agreed at the 2017 budget council meeting.
34. **Equalities:** The investment programme in York Castle Museum will ensure significant improvement in accessibility to that institution.
35. The report has no additional implications relating to: Human Resources, Legal, Crime and Disorder, Information Technology, Property.

Annex 1: 5 Year Rolling Financial Plan

For further information please contact the author of the report.

Contact Details

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	Report Approved	✓	Date 4 April 2017
Specialist Implications Officers: Not applicable			
Wards Affected:		All	✓
<i>For further information please contact the author of the report</i>			