

## **CABINET**

### **26 OCTOBER 2023**

## **WORCESTERSHIRE COUNTY MUSEUM**

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### **Relevant Cabinet Member**

Councillor Marcus Hart – Cabinet Member with Responsibility for Communities

### **Relevant Chief Officer**

Director of People

### **Local Member(s)**

Councillor Tony Miller (Ombersley)

### **Recommendation**

- 1. The Cabinet Member with Responsibility for Communities recommends that Cabinet:**
  - a) Note the information regarding options for the future of Worcestershire County Museum;**
  - b) Approve the preferred option (option A) recommended by the Joint Museums Committee;**
  - c) Authorise the Strategic Director of People in consultation with the Cabinet Member with responsibility for Communities to implement the approved option, including the negotiation of a new management agreement and the submission of a development phase application to the National Lottery Heritage Fund; and**
  - d) Authorise the Director of Commercial and Change to negotiate and implement a new lease.**

### **Background**

- 2. The Worcestershire County Museum is a popular destination bringing local residents and tourists to Hartlebury Castle. It brings significant visitor spend into Worcestershire, as well as supporting learning, creativity, volunteering and health benefits for local residents.**
- 3. The vision for the County Museum's future is for space and programmes of work that attract earned income, grant funding and commissioning from primary care networks and partners that will support the Council to improve health outcomes for Worcestershire residents, as demonstrated in Appendix 1 County Museum Future Delivery Model.**
- 4. Worcestershire County Museum displays the County's Museum collection, which records the rich history of Worcestershire and the stories of its residents, alongside a lively and popular programme of events and education. The service aims to use these**

resources to develop the potential of the County Museum, both commercially and to support the needs of Worcestershire residents. A highlight of the collection is the largest selection of historic Gypsy caravans (vardos) in the world, a collection which is considered nationally significant and therefore can attract supporting external funding as well as be a draw for engagement programmes. The Council is also the sole trustee of the Tickenhill Collection, the founding Worcestershire collection which continues to be held in a charitable trust. The charitable objective of the trust is to maintain the collection for display and educational purposes.

5. The museum’s current 60-year leases for the museum at Hartlebury Castle end in February 2026. The two leases have Security of Tenure under Part II of the Landlord and Tenant Act 1954. The landlord is Hartlebury Castle Preservation Trust with whom the Council collaborates to open the site to the public as a major visitor destination for Worcestershire.

6. Under the Joint Museums Service terms of reference, the Joint Museums Committee consider the operation of an effective museum service and recommend a preferred option on any significant business model changes to Cabinet. They reviewed the following options at their meeting on 15<sup>th</sup> June 2023 and recommend Option A to Cabinet (see also Appendix 2 Capital Board Report and Appendix 3 June Capital Board and Joint Museums Committee).

Option A	Remain at Hartlebury Castle, North wing, admin block and new build Transport Gallery  Estimated cost to the Council £800k-£1 million	A redeveloped Worcestershire County Museum at Hartlebury Castle, continuing as a visitor destination but also developing learning and health programmes meeting needs of Worcestershire residents.  This option meets the funding priorities of the National Lottery Heritage Fund, plus other smaller funders.
Option B	Relocate to County Hall – within existing building (ground floor pavilion) and part new build  Estimated cost to the Council £7.7 million	A new County Museum within County Hall, improving the public access to County Hall and the Council’s assets. Focused on learning and groups and access to the County’s collections.  This option does not meet the funding priorities of the National Lottery Heritage Fund but will meet other smaller funder priorities.
Option C	New build alongside the Countryside Centre at Worcester Woods  Estimated cost to the Council £5.9 million	A smaller Worcestershire County Museum at Worcester Woods, together developing as a visitor destination with shared facilities.  This option does not meet the funding priorities of the National Lottery Heritage Fund but will meet other smaller funder priorities.
Option D	Mothball option, close the County Museum	Museum closure and loss of all service.

	and move all of the collection to storage	This option does not meet any external funder priorities.
	Estimated cost of vacating the lease at lease end £1.1million	Very small annual revenue savings for the service would be achievable because of total loss of earned and grant income whilst still required ongoing management of the County's collection

7. High level reviews have been carried out to consider the property options at the end of the lease along with a condition survey to manage the Council's leasehold obligations. Funding has been included within the Corporate Property Capital Maintenance Programme following review by the Council's Capital Board together with property revenue budgets.

8. If the Joint Museum Committee's preferred option – a new lease, a new-build Transport Gallery and refurbishment of the existing buildings – is undertaken, some of the existing lease obligations can be undertaken as part of the wider development project. By using some of these costs as matched funding, the museum service aims to lever in approximately £4million of external funding towards the property refurbishment and improvements, supporting the transformation of the service to a wider delivery model.

9. Not all tenant obligations can count as matched funding and thus, to maximise the chance of funding success, Worcestershire County Council would commit an additional £800k-£1 million funding to the project, which will in total be an estimated £5.8 million refurbishment. The Council's funding would be required in stages from 2027 onwards.

10. Should the Council fail to achieve external funding to support the preferred option, work would still need to be carried out to comply with the lease obligations. In this eventuality, the project would be reviewed and revised as a phased plan with adjustments to the business plan for the service. The work required to meet tenant obligations could form the first phase of this plan and would enable the service to start the transition to the new business plan. Each further phase would still fit external funder priorities and would be re-submitted over a period of years. This potential phasing approach is illustrated on the last page of appendix 3.

11. The County Museum's main income source is currently earned income for admissions and school sessions. This is limited by the restrictions of its current management agreement and short remaining property lease term. The new service delivery model will encompass a much wider diversity of funding for the service and a range of procurement models. It will enable a better management agreement with its partner and landlord, Hartlebury Castle Preservation Trust, both working with complementary customer bases. Over the long-term, it will enable the proportion of the museum budget funded by the Council to decrease.

## **Legal Implications**

12. Other than the new management agreement and new lease required to implement the proposals, there are no specific legal implications arising from this report. The proposals secure the management of the collection in its custody.

## **Financial Implications**

13. If a decision to negotiate a new lease is agreed, then, subject to HCPT's agreement, the cost of the tenant obligations can be linked within the proposed project submitted for funding to the National Lottery Heritage Fund and become the Council's matched funding to the wider project. This will maximise potential external funding. If a decision is made to not negotiate a new lease, all lease obligations will be due before lease end (Feb 2026).

14. The preferred option (A) requires the need for an estimated additional £1million of borrowing which would incur a £0.065m revenue cost annually over a 30 year period. This would be match funded against c.£4million of external funding. The financial calculations in Appendix 2 are dependent on external market borrowing rates, therefore are potentially subject to change. The date of repayments is assumed to commence in 2025/26.

15. If option A is agreed and additional capital borrowing is endorsed, there is the expectation that the Museum Service will absorb the £0.065m annual revenue costs within the service. Financial efficiencies have been identified to fund the investment, for example the potential to decrease energy costs by 50% due to a more economical building, however the detail of each saving will be finalised dependent upon which option is agreed.

16. £0.650m capital is already incorporated within the capital programme to support building maintenance at this site, whilst this will incur revenue borrowing costs, these have already been included in the programme, and are therefore not classified as an additional ask for funding.

## **HR Implications**

17. Worcestershire County Museum employs 13 members of staff (7.9 FTE). In addition, it shares the expertise of Museums Worcestershire's management and collections teams (7 FTE for both councils) with Worcester City Council. In addition, the team is supported with casual staff and volunteers.

18. Some of the options for the future of the County Museum will have a human resources impact, as the requirement for collections management and access and public-facing customer care change. The future business model recommended for the County Museum will see staff and volunteer skills development to further support residents learning and health needs; staff numbers will not need to increase. Following the cabinet decision and next stage of project planning, staff change business plans will be developed with the support of County Council HR team and brought to Joint Museums Committee to approve.

## **Risk Implications**

19. An application for external funding the County Museum's development would align with the National Lottery Heritage Fund's 2023-2033 criteria and priorities. Their priorities are the preservation of the historic parts of the lease and supporting a resilient business model that could encompass new build elements and environmental improvements. Paragraph 10 above sets out a proposed approach if the application to this fund is unsuccessful. The proposed future business model for the museum would also fit other National Lottery funding stream priorities.

20. The preferred option includes the negotiation of a new lease with Hartlebury Castle Preservation Trust, in line with the Council's secure tenancy position. This position will remain even in the event of a change to the landlord. It will be important to seek to mitigate any negative impacts on the Council during the negotiation for new leases and a new joint management agreement with the Trust. The proposed new service delivery model of programmes supporting health outcomes will enable a new relationship with complementary services working alongside each other at Hartlebury Castle.

## **Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments**

21. The JIA screening has been carried out in respect of these recommendations. It identified that further impact analysis will be required in respect of: Equality and Public Health and Environmental Sustainability

## **Supporting Information**

- Appendix 1 County Museum Future Delivery Model (Available online)
- Appendix 2 Capital Board report 14 08 2023 County Museum Review Hartlebury Castle v4 (Available online)
- Appendix 3 June 19 Capital Board County Museum v2 (Available online)
- Appendix 4 Project Screening report (Available online)
- Appendix 5 Equality and Public Health Full Impact Assessment (Available online)
- Appendix 6 Environmental Sustainability Full Impact Assessment (Available online)
- Appendix 7 Exempt – Supporting Information (Only available to Cabinet Members)

## **Contact Points**

Specific Contact Points for this report

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## **Background Papers**

In the opinion of the proper officer (in this case the Strategic Director for People) the following are the background papers relating to the subject matter of this report:

Joint Museums Committee, 15<sup>th</sup> June 2023, Worcestershire County Museum Future Options