



DERBY CITY COUNCIL

COUNCIL CABINET
26 OCTOBER 2010

Report of the Strategic Director of
Neighbourhoods

ITEM 7

The Transformation of Derby Museums

SUMMARY

- 1.1 This report provides a demonstration of how an affordable, core funded, re-modelled Derby Museums will have a major impact on helping realise the city's ambitions whilst also being contained within the Council's cuts agenda. The report provides:
- an update of the Future of Derby Museums report that was brought before DCC Leadership in July 2010
 - an exit strategy to the government's 2007-2011 Renaissance funding agreement with Derby Museums
 - a strategic response to the government's new agenda for museums.
- 1.2 Derby Museums has become dependant on Renaissance funding for learning and collections work. The Museums Transformation programme will end this reliance, and enable Derby Museums to work as a highly effective and focused organisation for the city's benefit. The Transformation programme will also significantly increase the likelihood of Derby Museums attracting future external funding for capital and revenue projects – including from New Renaissance.
- 1.3 The report sets out a Museums Transformation programme with key proposals.
1. Instigate a two year project plan from April 2011 for the re-development of the Silk Mill as the city's major visitor attraction. In order to do this the Silk Mill's Industrial Museum will be mothballed in March 2011.
 2. Carry out an affordable rolling re-development of the City Museum & Art Gallery – with immediate effect.
 3. Instigate a programme to take Derby's museum collections into community venues during 2011.
 4. Continue to operate Pickford's House Museum, whilst building a partnership to support the establishment of an international centre for Joseph Wright.
 5. Re-structure the Museums Service by April 2011 as a transitional phase towards a new governance model, based on greater entrepreneurialism, more commercial working, and the building of partnerships that are national as well as local.

RECOMMENDATIONS

- 2.1 To approve the proposed Museums Transformation programme outlined in section 4 of this report.
- 2.2 To instruct the production of a three year business plan for the Museums Transformation. This will be brought back to Cabinet following staff and stakeholder consultation.

REASONS FOR RECOMMENDATION

- 3.1 The current state of Derby Museums and the financial context require a radical overhaul of the way museums and heritage services are delivered in the city. Enacting this programme will allow this to happen.
- 3.2 By adopting this position, the council will deliver a clear and assertive statement that it will take necessary actions to be fiscally responsible, whilst demonstrating new thinking to help realise the museum's, and indeed the city's, potential.
- 3.3 By acting now, the Council will make best use of transitional funding support from the Museums, Libraries and Archives Council that is available as a one-off measure in 2011/12. The Council will also provide clear leadership and put Derby Museums in the best possible position to secure a new level of enhanced partnership support.

SUPPORTING INFORMATION

4.1 Context

The analysis behind this programme is underpinned by the 2009 Museums Service Review and the resulting Future of Derby Museums report, which was presented to DCC Leadership in July 2010.

The Future of Derby Museums report exposed an organisation with significant business weaknesses and an imbalance of skills. This is especially concerning in relation to business development, fundraising, audience development and commercial management. The appropriate business foundation needs to be established to allow Derby Museums to achieve at a higher level and without additional support from the Council.

In addition to local authority funding pressures, Derby Museums is faced with the ending of its Renaissance in the Regions government contract after March 2011. The current Renaissance funding agreement provides around £370,000 of income to Derby Museums.

The museums have become dependant on Renaissance, particularly in relation to Museums collections and learning programmes. It is essential that the organisation is transformed - thereby retaining a core capacity, ending dependency on Renaissance, and delivering a programme that is efficient and highly effective.

The government's New Renaissance programme, announced this month, has less funding, most of which will be applied to fewer organisations. The Museums Transformation programme will enable Derby Museums to maximise its potential to attract funding from this resource, without becoming dependant.

There will be considerable support available from New Renaissance in 2011/12 if Derby Museums embraces this Museums Transformation programme. Derby Museums needs to submit its proposed operational plan for Renaissance 2011/12 transitional funding on 2 December 2010.

The Museums Transformation programme responds to the current social, economic and political climate. It is designed so that the city has an effective organisation to realise the potential of its museums.

The immediate measures to realise the Museums Transformation programme are set out in Sections 4.2 – 4.9 below.

4.2 Development of the Silk Mill

With a potential 4,000 square metres of internal space, site of the world's first factory, and part of the Derwent Valley Mills World Heritage Site, it is recognised that the Silk Mill is a major landmark building and an integral component of the city's regeneration.

The existing museum was opened in 1974 and has served Derby well. However the museum is in major need of overhaul. A rigorous process was completed earlier this year to identify the preferred option for the future of the Silk Mill. This process was carried out by Derby Museums, with expert and stakeholder input and supported by the Derwent Valley Mills World Heritage Site. This process concluded that the current museum offer should be replaced.

A major visitor attraction

The preferred option for the site is highly ambitious. It will develop a major visitor attraction to inspire and engage people in relation to science, technology, engineering and mathematics (STEM). The emphasis on exciting young minds in relation to these STEM subjects is a major priority for the UK education sector and economy.

This initiative relies on building a major partnership – national in scope – with industry, education and others. It will be approached as part of a broader strategy to transform perceptions of engineering – eradicating wide-held misconceptions that manufacturing is not a creative industry. The concept has been arrived at in consultation with DCC Regeneration, Rolls – Royce plc, the University of Derby, Derwent Valley Mills World Heritage Site and others. The concept is highly relevant to the technology-led Derby economy, and is an opportunity for the city to provide leadership in a high profile outward looking movement to shape national agendas. As the site of the world's first factory, the theme is highly pertinent to the building.

An initial two year development planning project is now required. This will be led by a transformed Derby Museums organisation and will carry out concept development, partnership building, market testing, fund-raising, costing and phasing.

Mothballing the Industrial Museum

In order for this ambitious programme to be realised and for the project to be delivered without additional council revenue support, it is proposed that the Silk Mill Industrial Museum be temporarily closed to the public from March 2011. This will result in a loss during the closure period of 40,000 museum visitors per annum and 8.6 full time equivalent posts. Derby Museums will maintain partnership working for researchers to access the Midlands Railway Study Centre sited within the building.

Mothballing the museum will release a sum of £197,000 a year. The re-investment of this sum will underpin the operation of a transformed Derby Museums and enable delivery of all aspects of the Museums Transformation programme. This sum will not be used to cover the loss of the existing Renaissance programme funding.

To offset the closure of the Silk Mill, Derby Museums will also work with partners to investigate the potential for re-opening its ground floor at the earliest opportunity and without additional support from DCC revenue budgets. The investigation of café and retail options will underpin this approach. The objectives include:

- increasing business sustainability and reducing reliance on state funding
- keeping significant buildings open
- contributing to the local economy and tourism
- building wider community engagement and participation
- using spaces as a community venue to promote city heritage and the Derwent Valley Mills World Heritage Site
- supporting longer term development plans for the site.

4.3 The mid-level redevelopment of the City Museum and Art Gallery

The Museums Service has developed a plan through which a re-structured Derby Museums can realise tangible improvements to this building. The programme has been devised to ensure that regular, long-lasting and integrated improvements are made to the Museum and Art Gallery for direct and immediate public benefit. The programme can be achieved by mainstreaming the work of staff and volunteers in this area, and by supplementing available resources with relatively small to medium external funding applications, typically of £10,000 - £80,000. This concept is a response to the emerging external funding environment for the museums and heritage sector.

The first phase of works was begun in September, with the council's building maintenance teams carrying out essential roofing work, restoring of original ceilings in temporary exhibition areas and installing a new lift. The initial three year programme also includes:

- a new education suite
- a new *Midlands Enlightenment* Gallery
- a new *City of Invention* Gallery (from the first farmers to Lara Croft)
- the refurbishment of the Joseph Wright Gallery – this will be re-opened as part of the Museums Transformation programme in July 2011.

The intention is to ensure that a planned programme of long-standing improvements can be made during a period when the Museum and Art Gallery will be the focal point of the city centre museum offer. The programme will achieve tangible improvements,

designed to raise the status of this facility within the city centre, at a time when the city will be seeking to achieve regular, low-cost, good news. This project will be delivered by Derby Museums without additional council revenue support.

This part of the Museums Transformation programme marks an amendment to an original recommendation within the Future of Derby Museums report. The initial proposal was to re-develop this building, together with the Central Library, as an integrated cultural institution. The initial proposal is highly relevant, but is not being put forward at this stage as a priority because of the current funding environment.

4.4 Pickford's House

The Museums Transformation is designed to help the city capitalise on its unique and rich creative legacy. This legacy is founded on the international standing of Joseph Wright, the city's most famous son.

Wright's reputation is inextricably tied to his home city, and his work captures breakthrough moments in the history of ideas and the history of science. Through 150 years of expert collecting, Derby City Council has built up the world's biggest and most important collection of Joseph Wright material. This includes 34 original oil paintings, 335 studies or drawings, and 44 original documents. The total collection consists of 579 items. This is a world class collection. It is capable of underpinning the modern city's national and international profile, and the city needs a new approach to realising this potential.

Each of the development plans set out above are grounded in the story of Joseph Wright and Derby's place in the history of ideas that changed the world. To ensure that this creative legacy is placed at the heart of the modern city, Derby Museums is now looking to develop an international study centre for Joseph Wright.

To achieve this, Derby Museums is actively working with a major national visual arts organisation to develop the concept for this facility at Pickford's House.

The intention is to provide some or all of the following:

- access to reserve collections of all Joseph Wright holdings, Derby porcelain and the city's Enlightenment collections
- programming of exhibitions and talks
- research facilities
- servicing of national and international loans
- conference, café and other complementary facilities

The proposal is to retain Pickford's House Museum in its current capacity whilst the feasibility of this approach is determined.

4.5 Taking Derby's museum collections into community venues

Currently more than 95% of Derby Museums' collections are in closed storage. The Future of Derby Museums report set out a ten year programme to transform the use of collections, and over the last twelve months, Derby Museums has piloted a Community Museum programme with Libraries.

Derby Museums will launch the Community Museum in 2011 as a means to share the

city's heritage with its own communities and embed the involvement of local people in the activities and operation of their own Museums.

4.6 A new organisation

To deliver the Museums Transformation programme Derby Museums will need to be very different from the current model.

The new look Derby Museums will need to be more entrepreneurial, more commercial and more business focused. It will also make much greater use of volunteers – this being a major way to share engagement and build community ownership. The new organisation will need to negotiate its own collaborations, typically sharing and selling of services, with other museums and organisations. To be a cultural leader for the city, Derby Museums will need to realise a national and international profile. And to achieve this status it will need the freedom and authority to build new and innovative partnerships.

This future way of working will require independent status for Derby Museums.

This will need to be underpinned by a close, clear, strategic and operational relationship with Derby City Council. In this arrangement the Council would:

- retain legal title of the collections, thereby ensuring their safeguarding
- retain commitment to repair and maintenance of buildings
- commit to core funding
- facilitate a city partnership that can fully realise Derby Museums' potential across social, tourism, business and cultural sectors.

In this way, Derby Museums will build on strong foundations provided by the council to attract resources and support the city in realising Derby's biggest ambitions.

4.7 Transition period

The establishment of this organisation cannot be achieved in the immediate months. However, the intention to establish a new organisation should be clearly communicated to staff and other stakeholders this autumn, and the new financial year should mark the beginning of a transitional period to likely charitable or community interest status. The Museums, Libraries and Archives Council have indicated their willingness to support Derby City Council in realising the best governance model for Derby Museums. The target date to establish the new organisation, without additional revenue support from the Council is 1 April 2012.

4.8 Revenue implications

The ending of the current Renaissance programme means that Derby Museums will operate from 2011/12 without the current £370,000 of income that is currently assigned to Renaissance. There are significant efficiencies of around 50% that can be made immediately in the region-wide remit of the programme. In addition, skills in the workforce currently funded by Renaissance will be refocused on the Museums Transformation programme.

The business plan for 2011-14 will shape the staffing structure and budgets as well as

give more detail of the overall Museums Transformation programme for the transitional year of 2011/12. This will provide the basis to drive forward all aspects of the Museums Transformation.

The Museums, Libraries and Archives Council announced earlier this month that 2011/12 will also be a transitional year for its own Renaissance programme. This affects 45 museum organisations across England including Derby. Whilst exact guidance will be issued after the Comprehensive Spending Review process has concluded, the MLA has factored in a significantly reduced budget that still allows one-off funding to help Derby Museums make the transition to managing without its current Renaissance Hub status. The one-off funding available for the Transformation programme is not likely to be less than £150,000.

The Transformation of Derby Museums programme has been carefully constructed to realise the maximum opportunity of this one-off funding. By carrying out a zero based budget for 2011/12, Derby Museums will be able to match council revenue funding with Renaissance transitional funding to drive forward all aspects of the Transformation programme, including the realisation of the new, independent Derby Museums organisation.

The business plan for 2011-14 will incorporate the ambition to attract further funding into the city's museums. The business model is based on the Council's annual revenue budget continuing to provide the necessary foundation to attract funders who are willing to invest in a high achieving organisation with world-class assets to promote and share.

Within the zero based budgeting process, Derby Museums will meet:

- its existing indicative saving of £45,000 in 2011/12
- a further sum of £30,000 in 2011/12 which is defined with the current budget process.

In this way, it is proposed that the revenue budget to Derby Museums will be reduced from £1.309 million in 2010/11 to £1.234 million in 2011/12, before budget process adjustments. It is proposed that this revenue support is retained in real terms for the next three years.

Through these actions, Derby can help realise a leading cultural organisation from a Council revenue budget that is set below the current provision. The business case is one of Derby Museums delivering much more for less. The re-investment of the Silk Mill mothball savings into Derby Museums allows this to happen.

OTHER OPTIONS CONSIDERED

- 5.1 Do nothing. Funding will be withdrawn from the government, and without a clear and forward looking strategy, Derby Museums will fail to engage potential partners. The Museums will be marginalised in a cycle of decline.

- 5.2 Sell off parts or all of the Joseph Wright collection. This is a very valuable collection and could raise significant funding. However the collection has been built up through people's gifts and through state support. This measure would shut off the opportunity for the city to work with the majority of cultural funders and organisations. This measure would have an international profile, and would be seen by some to be demonstrating a city's lack of vision in failing to use its unique and valuable legacy to its own advantage.
- 5.3 Close Pickford's House Museum – this would realise a potential saving of £89,000; rising to £161,000 if the building was disposed of by the council. The council would attract criticism, but would be able to assert its need to prioritise the Silk Mill and Museum & Art Gallery for their transformational potential to the city's future. The recommendation is that the existing Council commitment to this building is offered up to attract a bigger partnership approach to realising the international study centre for Joseph Wright.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Stuart Leslie Toni Heathcote Celia Dyson Helen Osler
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IMPLICATIONS

Financial**1.1 Headline costs**

The mothballing of the Industrial Museum would reduce the controllable budget at Cost Centre 5000262 from £225,346 to £28,052. This realises a saving of £197,294.

This saving will be re-invested into Derby Museums from 2011/12 to underpin a new organisation that will manage the city's museums and deliver the Museums Transformation programme.

The Derby Museums business plan for 2011/12 will combine the council's revenue budget with one-off transitional Renaissance funding. The costs of establishing the new Derby Museums organisation will be met from within this combined budget.

In this way, the cost of establishing the new organisation and of carrying out all other strands of the Museums Transformation programme can be met at a reduced Council revenue funding cost of **£1.234 million** from 2011/12.

The detailed arrangements for MLA support in 2011/12 will be set out after 20 October. MLA now requires the first draft of Derby's 2011/12 Renaissance operational plan by 2 December. The revised operational plan will be agreed with MLA in January.

Legal

- 2.1 A project board will be required to oversee the establishment of Derby's new Museums organisation. This will include the Head of Legal.

Personnel

- 3.1 The mothballing of the industrial museum will require the deletion of 8.6fte posts. The transformation programme is dependent on new functions, new skill-sets and a new structure. This may require a limited number of redundancies. Detailed guidance on MLA's financial support for posts made redundant from the Renaissance programme has not yet been made available.

Equalities Impact

- 4.1 Research in the UK museums sector has revealed that ethnic minorities are under-represented in museums employment. The development of an organisation with a much broader skill set than a traditional museums service is one step to helping realise a more representative workforce.

Health and Safety

- 5.1 The mothballing of the Silk Mill allows for appropriate caretaking at this site.

Carbon commitment

- 6.1 There is a strong emphasis on science and creativity running through the rationale for the proposed new Derby Museums organisation. The Transformation programme will realise an organisation that embraces the Council's carbon commitment.

Value for money

- 7.1 By committing to core funding for the new organisation, Derby City Council will help maximise inward investment into the city's museums.

Corporate objectives and priorities for change

- 8.1 The Transformation programme will enable Derby Museums to make their maximum contribution across all Council priorities.