



Derby City Council

**COUNCIL CABINET**  
**6 September 2017**

Report of the Cabinet Member for Leisure,  
Culture and Tourism

# ITEM 11

## **Derby Silk Mill Redevelopment – Lease and External Funding Arrangements**

### **SUMMARY**

- 1.1 The redevelopment of the Silk Mill Museum supports the Council Pledge to support Derby's museums, galleries and key cultural partners to provide a vibrant leisure and cultural offer across the city, and is a key element of the City Centre Masterplan.
- 1.2 Derby Museums Trust has secured significant, in principle, funding for the redevelopment of the Silk Mill as the Museum of Making, including £9.4m from the Heritage Lottery Fund (HLF) and £2.5m from Arts Council England (ACE). The Council has also secured £4m funding towards the redevelopment project, of which £3.7m will come from the Local Growth Fund 3 (LGF)
- 1.3 A key condition of the funding from both HLF and ACE is that Derby Museums Trust either owns the freehold or has an 'appropriate' lease in place for the Silk Mill. The existing agreement between the Council and Derby Museums Trust is not deemed appropriate by these funding organisations.
- 1.4 It is proposed that a new lease, that meets the requirements of HLF and ACE, is granted to Derby Museums Trust. The new lease will be for a term of 20 years following completion of the redevelopment works, so as to ensure continued public access to the redeveloped building. In addition, it is proposed that amendments are made to existing agreements and where necessary new agreements will be entered into, to ensure that the Museum collection remains available for exhibition within the Museum of Making for the duration of the new lease. .
- 1.5 This Report highlights the new lease terms, amendments to existing agreements and proposed new agreements, which are required to allow the redevelopment of the Silk Mill to proceed and seeks delegated authority for the finalisation and execution of those documents.

### **RECOMMENDATIONS**

- 2.1 To approve the grant of a new lease to Derby Museums Trust for the Silk Mill and all ancillary documentation necessary to give effect to Derby Museums Trust's occupation of the Silk Mill site and to meet the requirements of HLF and ACE in respect of that lease.

- 2.2 To consider and approve the detailed recommendations as set out in the Confidential Report which appears as a Part II Item of the Cabinet Agenda.

<b>REASONS FOR RECOMMENDATIONS</b>
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- 3.3 The redevelopment of the Silk Mill Museum supports the Council Pledge to support Derby's museums, galleries and key cultural partners to provide a vibrant leisure and cultural offer across the city, and is a key element of the City Centre Masterplan.



<b>SUPPORTING INFORMATION</b>
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- 4.1 Derby Museums is a charity which manages three museum sites: The Museum and Art Gallery, The Silk Mill and Pickford's House, five museum stores and the city's collections on behalf of the Council . The decision to create Derby Museums as a Trust was part of the Council's Transforming Museums Programme in 2010. The new Trust which was established in 2012 was challenged to develop and to devise a long term solution for the iconic Silk Mill, the site of the world's first factory and part of the UNESCO Derwent Valley Mills World Heritage Site, through partnership-building, market testing, costing, phasing, project planning and fundraising.
- 4.2 In 2015 Derby Museums Trust secured a first round pass for major grant funding of £9.4m from the HLF, £2.5m from ACE and £4m from the Council (£3.7m via LGF) towards a £16.4m redevelopment of the Silk Mill to create the new Museum of Making due to open in 2020. The project will open up the whole of the Silk Mill, creating beautiful spaces to inspire our visitors and celebrate the heritage of our city of makers through our internationally, regionally and locally significant collections. Rolls-Royce has donated a Trent 1000 engine to be displayed in the new Museum of Making. The new museum will have our communities at its heart and be uniquely co-produced with the people of Derby, bringing manufacturing back to the site once again. It will inspire the future generations of makers, artists and innovators to ignite ambition in young people and increase the prosperity of our city.
- 4.3 A key condition of second stage funding for both HLF and ACE is to ensure that the organisation or partnership responsible for the project delivery (Derby Museums Trust) owns the property freehold or has an appropriate leasehold in place.
- 4.4 Details of the new lease to be granted to Derby Museums Trust by the Council are included in a confidential report to be considered by Cabinet later in the meeting.
- 4.5 The proposal for the changes to the existing Partnership Agreement and Collections Agreement are included in a confidential report to be considered by Cabinet later in the meeting.
- 4.6 On the 30 June 2017 the D2N2 Infrastructure and Investment Board agreed £3.65m Local Growth Fund 3 (LGF 3) allocation to the Silk Mill project, the funding allocation is subject to the submission and approval of an outline and full Business Case to D2N2. Officers in Regeneration Projects are working with the Museum Trust to prepare the outline Business Case

## OTHER OPTIONS CONSIDERED

- 5.2 The option not to offer a new lease and revised collections agreement was considered but discounted as this would lead to the failure of Derby Museum Trust's grant application and mean that a key council pledge and element of the City Centre Masterplan was not achieved.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Estates/Property officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Janie Berry, Director of Governance and Monitoring Officer Mandy Fletcher. Head of Finance, Communities and Place Liz Moore- Head of HR John Sadler, Strategic Asset Manager Claire Davenport- Director of Leisure, Culture & Tourism As per the sign-off sheet
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Peter Ireson 01332 255441 peter.ireson@derby.gov.uk None Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 The Council is currently responsible for the maintenance and repair costs of the Silk Mill. It is anticipated that the redevelopment will improve the condition of the building and therefore reduce the Council's maintenance liability. The future maintenance costs cannot be quantified until more detail is known about the new operations of the facility. A financial assessment will then be carried out. Any increases in the length of the lease will commit the Council to these costs for a longer period of time.

**Legal**

- 2.1 Legal Services will be involved extensively in this matter and will ensure appropriate advice is given and action taken as and when required.

**Personnel**

- 3.1 None arising from this report.

**IT**

- 4.1 None arising from this report.

**Equalities Impact**

- 5.1 Accessibility for all is an essential principle of the Museum of Making and an access report and consultation with disabled people has taken place during the development phase. This has resulted in positive access inclusions in the designs, including the aspiration for a 'Changing Place' on the ground floor.

**Health and Safety**

- 6.1 None arising from this report

**Environmental Sustainability**

- 7.1 None arising from this report

**Property and Asset Management**

- 8.1 Although under the terms of the proposed lease the Council will be responsible for the maintenance of the Silk Mill complex it is anticipated that the redevelopment scheme will improve the condition of the building and reduce the Council's maintenance liability.

## **Risk Management and Safeguarding**

- 9.1 The LGF funding is subject to the submission and approval of a Full Business Case to D2N2, there is a low risk that the LGF Full Business Case is delayed in being approved or not approved, the measures in place to mitigate this risk are;
- The Silk Mill LGF EOI was submitted a year ago and it is on this basis that the £3.7m allocation has already been made, confirming the principle LGF support for the capital project.
  - The Silk Mill has been allocated £3.7m of LGF, this allocation was announced by the Government in March and confirmed by the D2N2 Infrastructure and Investment Board in June 17,
  - Council Officers are working with the Museum Trust to submit an outline Business Case at the beginning of September and the Full Business Case early in October for approval of the Business Case at the November IIB.
  - Regular dialogue with D2N2 to report on the development of the Business Case.

## **Corporate objectives and priorities for change**

- 10.1 One of the Council's pledges is to 'support Derby's museums, galleries and key cultural partners to provide a vibrant leisure and cultural offer across the city.
- 10.2 Transforming the Silk Mill into the inspirational 'Museum of Making' is a key component of the City Centre Masterplan 2030