

## Report to the Cabinet

Meeting to be held on Thursday, 11 July 2019

### Report of the Head of Service - Libraries, Museums, Culture and Archives

**Part I**

Electoral Division affected:  
(All Divisions)

### Museum Service Budget Pressures

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#### Executive Summary

Over the last two years, a cross-party Cabinet Working Group has met regularly to review the delivery of agreed budget savings across the museums service. This report provides an update to Cabinet on progress to date and details of budgetary pressures that the service are facing.

#### Recommendations

Cabinet is asked to:

- (i) Approve additional recurrent funding of £190,000 in the museums service budget from 2020/21.
- (ii) Approve the use of £190,000 of one-off funding from reserves to cover an in-year pressure in 2019/20.
- (iii) Approve the use of one-off funding from reserves of £433,000 in 2019/20 and £433,000 in 2020/21 (£866,000 in total) whilst the long term future of Queen Street Mill Museum and Helmshore Mills Textile Museum is considered.

#### Background and Advice

The Cabinet Working Group for Museums has maintained an overview of all issues relating to the museum service and requested a detailed report on current financial pressures, which it considered at its meeting in May. There is a forecast budget pressure across the Museums Service (including the Conservation and Collections Team) in 2019/20 of c£623,000. There are three main reasons for the budget pressure, as outlined below:

## **1. Budget Options Proposal Savings (Agreed by Full Council February 2016) – Budget Pressure c£310,000**

In February 2016 Full Council approved savings of c£1.100m based on reducing the number of museums the county council managed from 11 to 6 and withdrawing revenue funding from 5 museums (Judges Lodgings, Museum of Lancashire, Fleetwood Museum, Queen Street Mill and Helmshore Textile Mill). This included the removal of funding for museums management costs and the Collections Team based on the museums service (including the Collections Team, but excluding the Conservation Team) covering all costs by income generated, with the exception of Gawthorpe Hall for which funding remained.

Subsequently a further decision was taken by Cabinet in April 2018 to reopen Judges Lodgings and recurrent funding was approved from 2019/20. In addition, Fleetwood Museum transferred to Fleetwood Museum Trust from April 2018. The county council still owns the Museum of Lancashire although the museum remains closed, and, as such, continues to incur running costs for the building and the site. The county council also continues to own the mills which have now both reopened to the public. One-off reserves funding was approved by Cabinet in April 2018 for the period April 2018 to October 2019 to cover the costs of running the mills pending the outcome of negotiations with the National Trust.

As reductions in the numbers of museums has not taken place as quickly as originally anticipated, the savings required across the museums service have not been achieved. It is estimated that the budget pressure in 2019/20 is c£310,000 of which c£155,000 relates to the Museum of Lancashire and its site and c£155,000 to museums management costs and the now merged Conservation and Collections Team.

The pressure of c£310,000 outlined above does not include any costs which may arise once reserve funding for the mills has been spent. Future potential pressures will depend on the outcome of negotiations with the National Trust and any subsequent decisions the county council makes. The estimated annual revenue cost of operating and opening the mills 3 days per week in 2019/20 is c£394,000 excluding repairs and maintenance. Of the £714,000 of reserve funding approved by Cabinet in April 2018, £328,000 was used in 2018/19 with £386,000 available to cover running costs in 2019/20. Repairs and maintenance costs will continue to be funded from the county council's repairs and maintenance budget.

## **2. Transfer of Museums Back to Lancaster City Council – Budget Pressure c£35,000**

In October 2018, three museums were returned to Lancaster City Council. Whilst Lancashire County Council no longer receives a contribution of c£500,000 per annum from Lancaster, costs have only reduced by £414,000, primarily around costs relating to specialist posts within the Conservation and Collections Team that (under the Transfer of Undertakings, Protection of Employment Regulations) could not be returned to Lancaster, resulting in a pressure of c£86,000 in 2019/20. There are two vacant posts within the team that will be removed from the structure saving £51,000

leaving a pressure of £35,000 in addition to the costs relating to the Conservation and Collections Team outlined above and below.

### **3. Conservation and Collections Team (Cash Limit Savings Agreed by Full Council February 2017) – Budget Pressure £278,000**

In addition to the pressure resulting from the budget option savings and the transfer of museums back to Lancaster City Council as outlined above, there is further pressure on the Conservation and Collections Team of c£278,000 in 2019/20. In February 2018 Full Council approved £278,000 of savings from 2019/20 based on the Conservation and Collections Team becoming cost neutral with the exception of two grade 8 posts (1.0 full time equivalent Registrar and 1.0 full time equivalent Curator). This was based on the team being able to outsource their time and expertise to museums across the UK in order to offset running costs. It was envisaged that, by 2019/20, the future of all museums would be settled and that the requirements of the Lancashire County Council museum collections could be quantified and met by the team. It was also anticipated that the team would have been able to bid for external work in 2018/19 and have orders in place for work to be carried out in 2019/20 and beyond.

The decision to reduce funding for this team was made when it was anticipated that Lancashire County Council would no longer fund museums (with the exception of Gawthorpe Hall). Following the re-opening of Judges Lodgings and the decision made to maintain Queen Street Mill and Helmshore Textile Mill, Lancashire County Council still has commitments to manage its own museums that need to be met until further decisions are taken later in 2019. The position in 2020/21 should then become clear and appropriate action can be taken.

The intention is to increase the income from external work and there are already confirmed orders and submitted bids for 2019/20. Further opportunities for external work will arise during 2019/20 and bids will be accepted based on available capacity within the team. Capacity is dependent on demands on the team for Lancashire County Council work which in turn will depend on decisions made about the future of the mills and the museum store in Preston.

#### **Consultations**

N/A

#### **Implications:**

This item has the following implications, as indicated:

#### **Financial Implications**

The service has explored all alternative management options and is unable at the present time to put forward alternative ways of achieving the savings. The budget pressures outlined previously of c£35,000 relating to the transfer of museums to Lancaster City Council and c£155,000 relating to the Museum of Lancashire, are recurrent. Other budget pressures including c£155,000 and c£278,000 (c£433,000 in

total) relating to museums management and the Conservation and Collections Team are to a large extent dependent on the outcome of negotiations with the National Trust about the mills and any subsequent decisions the county council makes.

The outcome of negotiations and next steps will be the subject of future Cabinet reports as the National Trust's position and future intentions becomes clear over the coming months.

<b>Description</b>	<b>Budget Pressure</b>	<b>Comment</b>
Budget Option Proposal (Museum of Lancashire )	£155,000	Recurrent
Lancaster City Council Museum Transfer	£35,000	Recurrent
Budget Option Proposal (Museums Management and Conservation and Collections Team)	£155,000	
Cash Limit Savings (Conservation and Collections Team)	£278,000	
<b>Total</b>	<b>£623,000</b>	

The Cabinet Working Group for Museums considered these issues when it met on 29 May 2019 and agreed the recommendations below:

- Approve additional recurrent funding of £190,000 in the museums service budget from 2020/21.
- Approve the use of £190,000 of one-off funding from reserves to cover an in-year pressure in 2019/20.
- Approve the use of one-off funding from reserves of £433,000 in 2019/20 and £433,000 in 2020/21 (£866,000 in total) whilst the long term future of Queen Street Mill Museum and Helmshore Mills Textile Museum is considered.

The additional recurrent funding will result in an increase to the financial gap (budget shortfall) that the council faces over future years (currently forecast to be £47m by 2022/23). The use of reserves will result in reduced funding available to support the financial gap in future years.

### **Human Resources Implications:**

The Human Resources implications relate to whether the proposals within this report are approved or not. If approved the implications are minimal with the current staffing arrangements remaining as is. If not approved, the service would need to review the operations at Queen Street Mill, Helmshore and within the Conservation and Collections team, which is likely to require redeployment and/or redundancy. If required this would be managed in line with the agreed policies and procedures.

### **Risk management**

The recurring costs (building costs of the Museum of Lancashire and the implications of the return of three museums to Lancaster City Council) are unavoidable. The costs associated with maintaining the mill museums until a final decision about their future is taken is also unavoidable.

## List of Background Papers

None

Reason for inclusion in Part II, if appropriate

N/A