

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

mima: Transfer of the Management of mima to Teesside University

**Executive Member for Economic Development and Regeneration:
Councillor Charles Rooney**

Executive Director of Neighbourhood and Communities: Kevin Parkes

4th March 2014

PURPOSE OF THE REPORT

1. The purpose of this report is to seek Executive approval for the principles in respect of the transfer of the management of mima from the Council to Teesside University and to the underpinning activity to enable the divestment to be undertaken.

SUMMARY OF RECOMMENDATIONS

2. It is recommended that the principles of the transfer of the management of mima from the Council to Teesside University be approved including:
 - a. endorsement to the heads of terms governing the transfer agreement between the Council and the University;
 - b. the development of suitable partnership and governance arrangements, and that the appropriate legal, HR and property are secured so as to ensure that the Council's obligations and needs are met and the future of mima as a public contemporary art gallery is secured; and,
 - c. that the Council will provide Teesside University with funding of £0.5m annually for a minimum of 5 years from the date of agreement and a minimum of £0.2m per annum thereafter.
3. Any other detailed arrangements in respect of the transfer are delegated to the Executive Director of Neighbourhoods and Communities; following consultation with the Executive Member for Economic Development and Regeneration.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

4. It is over the financial threshold (£150,000)
It has a significant impact on 2 or more wards
Non Key

X

DECISION IMPLEMENTATION DEADLINE

5. For the purposes of the scrutiny call in procedure this report is

Non-urgent
Urgent report

X

BACKGROUND

6. mima was officially opened to the public in January 2007. It quickly established itself as a national and international destination as a leading contemporary art gallery. The iconic building designed by Eric van Egeraat holds a position of pride on Centre Square and has become a modern symbol of the town. mima was funded by Middlesbrough Council, European Regional Development Fund, Arts Council England, One North East, Single Regeneration Budget, Northern Rock and the Christina Foyle Foundation, who together invested £19.6m to build the art gallery and provide Centre Square.
7. The development of the art gallery was underpinned by three key objectives:
- to provide a home for the collection of almost 2500 works within the Middlesbrough Collection;
 - to create a world-class art gallery in the centre of Middlesbrough to give the people of the area a high quality facility to enjoy modern and contemporary art; and,
 - to have a key role in the regeneration of the town, the cornerstone of Centre Square, by attracting investors and visitors and raising the profile of Middlesbrough by raising aspirations and providing the place for contemporary art regionally and nationally.
8. Since mima opened it has become a nationally and internationally renowned this is demonstrated by: the Arts Council England recognition of mima as a National Portfolio Organisation; the formal partnering arrangement with the Tate Britain; and, the many awards the gallery has received. Additionally the gallery plays a critical role in Middlesbrough in respect of raising aspirations and developing the economy of the town centre by contributing over £1m each year. A high number of visitors to the gallery are from outside the town.
9. The Council, working in collaboration with Arts Council England, started to look at alternative models for future management of the gallery in 2010/11. This was based on the principles of seeking to find ways in which to bring other sources of funding into the gallery. Other institutions such as the Baltic, in Gateshead, operate as independent trusts but still receive substantial public sector support from their local authority and Arts Council England. However they have been more successful in attracting private sector sponsorship.
10. As part of this process it was identified that there is a natural synergy between the Faculty of Arts, at Teesside University and mima. The Council, with the University, therefore started the process of developing a joint vision for the future which would secure and develop mima as the leading contemporary art gallery of national importance to assist the University with student recruitment and retention which is a key requirement of the University and ensure it is better integrated within the

University. Critically, mima also has the potential opportunity to improve student recruitment and secure better retention of students post graduation.

11. The University were keen to become an integral partner in the gallery. With the potential to take on the responsibility of managing the gallery it opens up a number of opportunities for developing an integration with the Arts faculty, as: the use of the collection; the use of the gallery for lectures etc; opportunities for developing research etc. Additionally, the University have a greater long-term potential to invest in the fabric of the gallery. Finally by the University sharing with the running costs of mima it reduces the pressures on the Council's budgets. This contributes to the wider transformation required in the times of local authority austerity. The Change Programme recognises that the Council needs to work in partnership to secure services to the public and take the town forward.
12. By taking on the management of mima it also brings forward the opportunity to bring the presence of the University into the heart of the town centre. This, it is anticipated, will help contribute to the vibrancy of the town centre.
13. As part of the wider partnership this has provided the opportunity for the University to look at the medium term potential for the development of a future faculty/building on the Centre Square East site. It is likely that any such development would be a minimum of two to three years before initial proposals are developed, given the University's existing commitments on capital expenditure. Such a new development would contribute significantly to the overall vibrancy of Centre Square, by introducing new activity and footfall and by creating a more attractive urban form. This will consequently add to the town centre economy. It will also enable the University to grow and prosper.
14. As a direct consequence of these discussions it appeared logical for a long term partnership and this will be secured by the approval of a formal agreement between the parties to seek to transfer the management of mima to Teesside University, the principles of that agreement are detailed in the following paragraphs.

Key aspects of the partnership underpinning the Transfer

15. The key aspects which will underpin the transfer are as detailed below:
 - a) Middlesbrough Council and Teesside University; working in partnership, recognise the need to secure the long term future of mima as a modern art gallery of international renown;
 - b) Teesside University can utilise the mima brand to enhance its offering to students of Art and Design and the University overall;
 - c) there is a unique opportunity for Middlesbrough Council to promote further development of Central Gardens East as a future site for University expansion;
 - d) it allows the Council to manage and reduce its financial commitment to mima whilst at the same time ensure the long term future of mima;
 - e) in the medium term continued support from the Arts Council is required to make the proposition viable for Teesside University and Middlesbrough Council;
 - f) Teesside University will take a 99 year lease, on the building and will discuss with Uni principally responsible for repairs and maintenance. The Council will use the dedicated mima sinking fund to ensure that the building is

- handed over in a fit for purpose condition, but will maintain joint responsibility for the outer skin of the building;
- g) the Council will agree to pay the University £500,000 for the first five years and £200,000 each year thereafter to ensure that mima remains a free public access contemporary art gallery;
 - h) suitable governance arrangements are required to ensure that Middlesbrough Council can be assured that mima meets the original objectives. The Council's annual financial contribution will be used to maintain a free access public art gallery and, maintain and develop the Middlesbrough Collection. At the same time Teesside University is free to manage the cultural and organisational changes required to provide a sustainable future;
 - i) the commitment from Teesside University requires a long term interest in mima and,
 - j) the University will maintain and conserve the Middlesbrough Collection.
16. There is a significant amount of work which will need to be undertaken to ensure that the principles above can be supported and detailed arrangements will be subject to due diligence, such as:
- a) transfer the leasehold of the mima building and it's environment for 99 years;
 - b) undertake and agree a buildings conditions survey and make good identified defects;
 - c) transfer of the staff (TUPE) who currently work for mima to the University;
 - d) financial handover;
 - e) the establishment of an Oversight Board and governance structures;
 - f) the development of a Service Level Agreement between the University and Middlesbrough Council;
 - g) management of the relationship with the Arts Council England as a key funder;
 - h) agreeing the ownership of any additions to the Middlesbrough Collection; and,
 - i) PR strategy to promote the partnership.
17. The list above is not all encompassing, and will evolve as the divestment process progresses. The Arts Council England are an integral part of this process as it is an essential funder moving forward and as such will maintain and develop it's relationship with mima as it develops. All associated legal and financial issues which wrap around all of the above will be assessed and factored in to the transfer arrangements.

Next Steps

18. It is anticipated that the date of transfer will hopefully be this summer once all the transitional work is complete, this means that all activities associated with the divestment need to be in place. This includes the TUPE of mima staff.
19. Formal TUPE consultation has already started with the staff at the gallery and the Trade Unions. This will be followed by the University presenting their measures document to staff which highlights the terms upon their transfer. Informal support and individual one-to-one meetings have been offered to staff throughout this time to ensure they are fully engaged and consulted on the process.

20. Staff will continue to be engaged throughout this process until the formal transfer takes place.
21. The legal documentation in relation to the building is currently being produced. This will also ensure that the building is fit for purpose at transfer which includes the resolution of ongoing and outstanding repairs and maintenance problems.
22. In terms of the Middlesbrough Collection documentation in association to the conservation of the collection is being pulled together. The Council will retain the ownership of the collection, whilst the University will take on the management. The ownership of additions to the collection will be subject to further negotiations.
23. A Service Level Agreement between the Council and Teesside University is being prepared which will detail items such as, the terms of the agreement in relation to funding and performance criteria. It is proposed that this is monitored quarterly in line with the expectations from the Arts Council England.

Outcomes

24. This is an exemplar partnership, a new strategic relationship with the University. The Council facilitating the construction and launch of mima has enabled the town to have an asset of genuine national significance. The transfer of the gallery to Teesside University allows mima to evolve, grow and develop. It is hoped that the partnership will result in greater numbers of visitors and an improved national profile.
25. The University brings with it the opportunity to invest in the gallery to ensure it remains a National Portfolio Organisation with the Arts Council. The divestment of mima to the University provides long term sustainability to the gallery and less dependency on the Council and the Arts Council for funding. Both the University Arts Faculty and mima have been very successful in their own rights and this collaboration will seek to:
 - a) improve education facilities;
 - b) improve and increase the visitor offer to the town;
 - c) increase University student numbers;
 - d) create opportunities to expand the mima brand;
 - e) enhance and extend the University within the Town Centre;
 - f) create further development which will create economic growth within the town and wider area; and,
 - g) the physical remit of the University will expand to encompass Centre Square East, both by the acquisition of mima and the opportunity to develop a new building for the Faculty of Art, reinforcing the civic pride in the area.

OPTION APPRAISAL/RISK ASSESSMENT

Option 1 – Do nothing

26. If mima was to remain with the Council the long term future of the service would be at risk of further cuts. The potential development of the offer for mima would be more limited and the development of Centre Square East unlikely to happen in the current climate due to lack of commercial investors with the availability of funds and the general appetite for risk.

Option 2 – Divest mima to University

27. Further development of mima, less financial pressure on the Council in times of austerity. The new partnership will allow the gallery to grow and prosper. It also brings together two of the towns major institutions to work collaboratively to generate mutual benefits.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial Implications

28. The Council will continue to reinforce its commitment to mima albeit on a reduced level, this remains a significant contribution at £500k per annum for the next five years, and £200k per annum thereafter. The £500k figure was derived on the basis of the resources needed to ensure a free access public art gallery.
29. There are significant financial savings as a consequence of divestment. The Council's contribution in future years is significantly less than current (2013/14) direct support of £902,000 so an immediate saving will be realised and this will increase in future years.
30. Savings of £350,000 will be delivered to the Council during 2014/15. Thus, direct saving per annum from April 2015 to March 2019 will be £402,300 per annum. When the Council's contribution reduces to £200,000, in April 2019, the saving to the Council will increase to £702,300 per annum thereafter.
31. The figures above do not take into consideration the further savings to the cleaning and Mouchel administrative support budgets which will also reduce as a result of the transfer. It is estimated this could amount to approximately £80,000 of further direct savings for 2014/15 onwards. There will also be a reduction in the need for support services, such as finance, human resources and Legal. These services are being reduced by 50% in the Change Programme, so reducing support assists in meeting this objective.

Ward Implications

32. The gallery benefits the town overall.

Legal Implications

33. The legal implications will be mitigated by early engagement on key areas such as the development of lease, TUPE etc.
34. mima was originally funded by a number of public and private organisations to design and build the building and who bought into the initial vision. All of the bodies will be contacted in terms of the divestment to inform them of the change in governance and reassurance that the original aims of the gallery in terms of ensuring a free open access public gallery, which will be met with the Council's continued financial contribution.

35. There are also benefactors and funders of the Middlesbrough Collection, they will also be informed of the divestment as a courtesy.

RECOMMENDATIONS

36. It is recommended that the principles of the transfer of the management of mima from the Council to Teesside University be approved including:
- a. endorsement to the heads of terms governing the transfer agreement between the Council and the University;
 - b. the development of suitable partnership and governance arrangements, and that the appropriate legal, HR and property are secured so as to ensure that the Council's obligations and needs are met and the future of mima as a public contemporary art gallery is secured; and,
 - c. that the Council will provide Teesside University with funding of £0.5m annually for a minimum of 5 years from the date of agreement and a minimum of £0.2m per annum thereafter.
37. Any other detailed arrangements in respect of the transfer are delegated to the Executive Director of Neighbourhoods and Communities; following consultation with the Executive Member for Economic Development and Regeneration.

REASON

38. To transfer mima to the University, which will ensure savings to the Council whilst enabling growth, opportunity and development of both the University and mima.
39. mima will remain, and it is likely that it will be enhanced as a free internationally recognised portfolio art gallery within the centre of Middlesbrough.
40. This fulfils part of the Councils' strategic remit to enable the provision of arts and culture for the residents of Middlesbrough through a partnership with a leading educational establishment, thus, starting a partnership which will enable both physical development and encourage educational participation within a difficult financial climate which otherwise would not be possible.
41. It also allows the Council to meet the objectives set out in the Change Programme.

BACKGROUND PAPERS

42. No background papers were used in the preparation of this report.

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