

**MIDDLESBROUGH COUNCIL**

<b>Report of:</b>	Director of Regeneration
<b>Relevant Executive Member:</b>	Executive Member for Education and Culture
<b>Submitted to:</b>	Executive
<b>Date:</b>	13 November 2024
<b>Title:</b>	Review of alternative operating models for the Captain Cook Birthplace Museum (CCBM)
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	Delivering Best Value
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000
<b>Subject to call in?:</b>	Yes
<b>Why:</b>	Non-urgent report.

**Proposed decision(s)**

It is proposed that Executive:

- a) approves the exploration of a new museum with external partners that could replace the CCBM within Stewart Park in the longer term;
- b) approves the continued operation of the CCBM in 2024/25 on the basis that the required saving of £0.100m for 2024/25 has been met by a permanent reduction in staffing and that this saving is ongoing;
- c) approves the continued operation of the CCBM in 2025/26 and 2026/27 subject to securing external revenue support of £0.150m per annum. Failure to secure this funding would result in closure of the CCBM and the transfer of some or all of the collection to the Dorman Museum; and
- d) approves a reduction in the required saving from the CCBM from £0.345m to £0.303m in 2025/26 and 2026/27 on condition that the remainder of the saving £0.042m will be found within the Regeneration budget via a senior management review.

## **Executive summary**

This report seeks Executive approval for continuing the operation of the existing CCBM through the securing revenue support from an external partner, whilst working with the said partner to develop a new museum facility to replace the existing building.

The recommendation to Executive comes following the completion of an options appraisal looking at ways to generate a required saving of £0.345m from the Museum Service (£0.100m in 2024/25 and £0.245m in 2025/26).

Other options considered include:

- Business as usual
- Closure of the CCBM and transfer of some or all of the collection to the Dorman Museum
- Handover the CCBM building to a third-party operator and consolidate some or all of the collection into the Dorman.

As the Council is responsible for the care and management of its museum collections, closure of the building or handing it over to a third party would require the CCBM collection to be moved to another council-run facility, i.e. the Dorman Museum, which would come with additional costs and, due to space constraints, result in a reduced offer. There is also uncertainty about finding an appropriate third party willing to take on the building.

Whilst none of the appraised options fully met the required saving, the recommended option achieves a saving of £0.303m, with the benefit of keeping the CCBM open to the public at current levels and the opportunity to develop a new and more sustainable museum offer with a commercial partner. Should the anticipated revenue from the external partner not be realised, the option of closing the CCBM would achieve £0.277m.

## **1. Purpose**

1.1 To seek Executive approval for:

- a) the exploration of a new museum with external partners that could replace the CCBM within Stewart Park in the longer term;
- b) the continued operation of the CCBM in 2024/25 on the basis that the required saving of £0.100m for 2024/25 has been met by a permanent reduction in staffing and that this saving is ongoing;
- c) the continued operation of the CCBM in 2025/26 and 2026/27 subject to securing external revenue support of £0.150m per annum. Failure to secure this funding would result in closure of the CCBM and the transfer of some or all of the collection to the Dorman Museum; and
- d) approves a reduction in the required saving from the CCBM from £0.345m to £0.303m in 2025/26 and 2026/27 on condition that the remainder of the saving £0.042m will be found within the Regeneration budget via a senior management review.

1.2 To update members on the work undertaken to assess options for the future of the CCBM by setting out:

- a) the savings as currently scheduled;
- b) the options explored to date and their applicability;
- c) the potential opportunity to develop a new museum facility;
- d) the offer received from an external partner regarding funding;
- e) the conditions required to keep the existing CCBM open;
- f) the details of what would happen if conditions are not met; and
- g) the timetable for review and decision

## **2. Recommendations**

2.1 That the Executive

- a) approves the exploration of a new museum with external partners that could replace the CCBM within Stewart Park in the longer term;
- b) approves the continued operation of the CCBM in 2024/25 on the basis that the required saving of £0.100m for 2024/25 has been met by a permanent reduction in staffing and that this saving is ongoing;
- c) approves the continued operation of the CCBM in 2025/26 and 2026/27 subject to securing external revenue support of £0.150m per annum. Failure to secure this funding would result in closure of the CCBM and the transfer of some or all of the collection to the Dorman Museum; and
- d) approves a reduction in the required saving from the CCBM from £0.345m to £0.303m in 2025/26 and 2026/27 on condition that the remainder of the saving £0.042m will be found within the Regeneration budget via a senior management review.

## **3. Rationale for the recommended decision(s)**

3.1 Middlesbrough Museum Service currently operates two museums: The Dorman Museum and the Captain Cook Birthplace Museum. Both museums are Accredited and partners in the Tees Valley Museums Group (TVMG), an Arts Council National Portfolio Organisation which brings investment for activities aligned to the TVMG aims and objectives. Between the two museums, the service manages a joint collection of circa 250,000 objects (majority housed at the Dorman) and welcomes 85.5K annual visitors (80K to the Dorman) and a further 3.5K children on school visits. The recommended option provides an opportunity to keep both facilities open, maintaining public access to the joint collection, whilst exploring plans for a more attractive and sustainable museum for the Cook collection.

3.2 During the course of undertaking the options appraisal, an external partner, with whom the council has worked on other projects, has offered to support the CCBM by providing revenue of £0.150m a year to maintain its current opening arrangements on an interim basis, whilst jointly exploring the potential of a new museum facility to house the Cook collection and potentially other local collections. The intention would be for the external

partner to support the existing facility until the new museum is opened. Subject to securing the £0.150m per annum, this option gets closest to the £0.345m savings target with a £0.303m outturn.

3.3 The recommended option also provides an opportunity to secure further external investment into the Museum Service through having a longer-term plan for its future. One such opportunity is likely to present itself via Tees Valley Combined Authority, who have commissioned a feasibility study into the heritage offer within the Tees Valley. The final report is due in December and is likely to be followed by an investment programme to support the new Tees Valley Heritage Strategy. We will be looking with work with TVCA to secure investment into the new museum facility and wider service.

3.4 The successful delivery of the recommended option directly and indirectly supports the Council's priorities set out in the Strategic Plan 2024-27, including:

- A successful and ambitious town;
- Safe and resilient communities; and
- Delivering best value

3.5 The options of closing the CCBM or handing over the building to a third-party operator would have resulted in a lesser saving of £0.277m and would have removed or put at significant risk the proposed investment from the external partner. Both options would also risk a negative public reaction to any closure or reduction of the service i.e. moving collections to the Dorman, which was evidenced during the budget consultation earlier this year. Both options would result in a reduced offer to visitors and reduced engagement activities, e.g. school visits due to space restrictions, diminishing the positive outcomes delivered by the Museum Service around learning, wellbeing and community cohesion.

3.6 The main risk around the recommended option is a failure to secure the financial support offered from the external partner. The conditions of this support and mitigations are set out in later sections of this report.

## **4. Background and relevant information**

### Existing Arrangements

4.1 Up to 2024, the Captain Cook Birthplace Museum was previously open for 7 months of the year (April – October) but is currently only open to the public during school holidays in the same period. A paid-for museum, it currently welcomes around 5.5K visitors a year, with an additional 35.5K people visiting the café and shop housed in the same building. The Cook Museum hosts a café tenant 'Cook's Café' currently on a rolling lease. Any potential closure or change of operator of the building would impact upon this.

4.2 The Dorman Museum is open 6 days a week (Tuesday to Sunday) throughout the year and welcomes around 80k visitors per annum.

4.3 School workshops take place at both venues across the year during term time with 3.5K visits in 23/24. The museums feature permanent exhibits, alongside a programme of

changing exhibitions and special events, including those aimed at key audiences e.g. families.

4.4 As an Accredited Museum Service, and a member of the Tees Valley Museums Group (National Portfolio Organisation), the service has a commitment to care for its 250,000-strong collection in line with industry standards and to make these collections accessible to the public.

4.5 There is a single staffing structure which operates both museums. This structure was reviewed in 2023, but some positions have never been advertised due to the savings requirement. The current structure includes Museums Manager, Visitor Operations Manager, Collections Officer, Visitor Experience Coordinator (vacant), Visitor Experience Assistants (x 4), Cultural Support Officer, Senior Learning & Engagement Officer, and Learning & Engagement Officer. The permanent team are supported by casual staff where required. The following two posts on the staffing establishment have been held vacant in order to support the saving requirement:

- Senior Collections Officer – Full time, Grade I
- Creative Programmes Manager – Full time, Grade K

#### Required Savings

4.6 During the 2024/25 budget setting process, in response to the financial challenges facing the Council, a proposal was put out to public consultation to close the CCBM and consolidate the offer at the Dorman. The proposal was met with significant public opposition with over 8,000 people signing a petition to keep the museum open, launched by members of the Captain Cook Birthplace Trust. In response, the council agreed to defer a decision on the CCBM to allow an options appraisal on its future to be undertaken.

4.7 The options appraisal was required to look at ways to generate a £0.345m saving from the Museum Service (£0.100m in 2024/25 and £0.245m in 2025/26). The savings had been calculated on the following basis:

- £0.169m Staff
- £0.146m Property
- £0.030m Additional Income (from the Dorman)

#### Options Appraisal

4.8 With financial support from Tees Valley Museums Group, a specialist consultant – Counterculture – was commissioned to support the options appraisal work. With £0.100m of the target already identified through salary savings made from holding vacant posts, Counterculture was tasked with assessing the viability of different options for the remaining £0.245m.

4.9 Through this process, we have identified three main options:

- Option 1: Keep the CCBM open and secure investment from an external partner. Saving to be delivered: £0.303m
- Option 2: Close the CCBM and make savings from the building costs. Saving delivered: £0.277m
- Option 3: Transfer the CCMB to a third-party operator and make savings from the building costs. Saving delivered: £0.277m.

4.10 The breakdown of the net saving for each option is calculated as follows:

Option 1:

- Existing saving (secured) £0.100m
  - Investment from external partner £0.150m
  - Rates saving (secured) £0.053m
- Total: £0.303m**

Option 2:

- Existing saving (secured) £0.100m
  - Loss of income from Cook: (£0.058m)
  - Staff savings: £0.046m
  - Direct costs savings: £0.012m
  - Property savings (inc. Rates saving secured): £0.177m if building is moth-balled
- Total: £0.277m**

Option 3:

- Existing saving (secured) £0.100m
  - Loss of income from Cook: (£0.058m)
  - Staff savings: £0.046m
  - Direct costs savings: £0.012m
  - Property savings (inc. Rates saving secured): £0.177m if operator takes on building costs in full
- Total: £0.277m**

*Note: There would be an additional cost to options 2 and 3 to re-home the Cook collection at the Dorman. This is estimated to be in the region of £0.050m, but hasn't been factored into the net savings above.*

#### Investment from External Partner

4.11 During the options appraisal process, an offer of support for the CCBM from an external partner came out of conversations between the council and trustees of the Captain Cook Birthplace Museum.

4.12 Draft heads of terms have been drawn up between MBC and the external partner setting out the offer of financial support for the existing CCBM and an agreement to financially support the development of a new facility. The conditions for this investment are as follows:

- That the CCBM remains open to the public

- That a new museum is developed through a partnership between the external partner and MBC to house the Cook collection and collections owned by the partner.
- That the new facility will be located in a more prominent location in Stewart Park, Middlesbrough.
- That both parties maximise other fundraising/investment opportunities for the development of the new museum, with the external partner funding the shortfall.

4.13 A high level costing to construct a new museum in Stewart Park has been provided by Ryder which indicates forecast costings. These have been discussed with the external partner and are in line with their expectations.

4.14 Should the financial arrangement with the external partner not proceed for any reason, the proposal is to automatically move to Option 2 (detailed above).

## 5. Other potential alternative(s) and why these have not been recommended

5.1 Closing the Cook Museum and making a saving of £0.277m is only being recommended as a Plan B should the investment from the external partner not be realised, as it carries the following risks:

- Savings target is not fully achieved.
- Negative public reaction to closing the museum.
- Lack of a Cook attraction at Stewart Park (at least short-medium term).
- Reduction in activities, e.g. school workshops, due to less space.
- Investment required to move/redisplay Cook collection – Min. £0.050m plus storage costs for remainder of Cook collection and management of the empty building.
- Removes opportunity for short-term investment from the external partner and potentially any long-term support.

5.2 Handing over the Cook building to a third-party operator and making a saving of £0.277m is not recommended as it carries the following risks:

- Savings target is not fully achieved.
- Negative public reaction to closing the museum / reducing the offer.
- Reduction in activities, e.g. school workshops, due to less space.
- Investment required to move/redisplay Cook collection – Min. £0.050m plus storage costs for remainder of Cook collection.
- Lessens opportunity for short-term investment from the external partner and potentially any long-term support.
- Reliance on finding a suitable operator for the building who is willing to take on the full costs.

5.3A number of additional mitigations to reduce this gap have been reviewed, in collaboration with Counterculture, and are detailed in the following table.

Option	£ Savings (Cost)	Benefits/Risks
Introduce charging for entrance to the Dorman	Difficult to assess as entry charge would	More reliable income stream once we understand impact on visitor numbers.

	<p>reduce visitor numbers. Based on 50% of current visitors (40,000) paying £3pp = £0.120m pa.</p>	<p>Reluctance to revisit. Possible impact on secondary spend. Risk of excluding local audiences. Possible reputational issues – lack of inclusivity. Potential to wipe out impact of temporary paid-for exhibitions.</p>
<p>Increase income from temporary exhibitions</p>	<p>Marginal</p>	<p>Not all temporary exhibitions are as favourable as Titanic with heavy upfront costs posing financial risk. Resource intensive – don't have the capacity currently. Impact on museums' capacity to serve broader educational and cultural purposes.</p>
<p>Further reductions in staffing</p>	<p>Reduction in salary costs.</p>	<p>Staff capacity already too low for current operation. Any further reduction requires something to stop e.g. reducing Learning Team would reduce amount of school workshops. Reducing hours from FT to PT risks retaining/attracting the calibre of staff required. Risk to core mission/purpose of the Museum Service.</p>
<p>Closing the Dorman Museum for an extra day a week (ideally a consecutive day).</p>	<p>Small saving on Front of House staff, (3 VEAs), offset by potential loss of 200-250 visitors a week.</p>	<p>Cost reduction may be outweighed by income reduction. Negative impact on café – possible reduction in rental income. Drop in visitor confidence.</p>
<p>New catering operator across both sites</p>	<p>Opportunity to renegotiate contracts to generate more income for the museum.</p>	<p>Current museum offers, footfall and physical environment are not adequate to deliver substantial increase in net catering income.</p>
<p>Commercial letting of spaces at Cook (outside of museum operating periods)</p>	<p>Rental income from leasing spaces not in use by the museum e.g. evenings, term time.</p>	<p>Opportunity to improve the overall visitor offer at Cook. Will be dictated by the market and whether there's interest in the spaces. Will require staff capacity to market/manage hires.</p>
<p>Increasing fundraised income</p>	<p>Potential NPO investment for fundraising support to generate additional income.</p>	<p>Diversifying the museums' income streams. Prospective funders identified by Counterculture. Application in progress to NLHF for additional capacity. More difficult to secure funds for core costs and multiple years.</p>
<p>Investment in Museum buildings to reduce running costs.</p>	<p>To be quantified. Invest to save proposal for Cook being reviewed by Design Services</p>	<p>Return on investment is long-term (avg. 10 years) so not a short-term fix. Some funding pots available for improvements to museum buildings e.g. MEND.</p>



Develop volunteer support.	Potential to provide additional capacity to staff team and support activities that generate income.	More people capacity to support the museum service. Not contractual so less reliable in terms of providing cover required for H&S and quality of experience. Needs capacity to be properly embedded within the service and staff trained to manage the volunteers.
HAF Programme	Generates income to cover staff and venue costs for delivery of programme during school holidays.	Strong chance of success if we apply. Questionable whether investing staff time in delivering HAF raises more income than staff delivering own chargeable family activities for the school holidays. Diverts resources from core programme.
Allocating a % of related charges to the Cook e.g. % land hire from fairs at SP.	Income reallocation from other departments e.g. Parks.	Not additional income to the council, only to the museum service.
Providing additional marketing support.	Potential to increase income from the existing museum programme through improved marketing to target audiences.	Generates increased footfall/income. Greater return on investment in the programme as it stands. Risk of redirecting marketing capacity from other parts of the service/council.

## 6. Impact(s) of the recommended decision(s)

### 6.1 Financial (including procurement and Social Value)

The original savings proposal for saving the £0.345m through the closure of the Captain Cook Birthplace Museum assumed the following:

£0.169m staffing savings

£0.146m other savings, predominantly building related

£0.030m additional income achieved at the Dorman Museum

Counterculture have assessed the savings proposal and have concluded that the assumed staff savings can only be fully achieved through the reduction of hours worked by full time staff. Additionally, they have advised that, whilst possible to achieve, the additional income assumptions at the Dorman Museum cannot be guaranteed. Therefore, with each of the options, the total amount of savings achievable will be less than originally assumed.

Financially, Option 1 offers the highest amount of savings, £0.303m. However, it is contingent upon securing an annual grant of £0.150m from an external partner. The Council is in continuous discussions with that partner regarding their investment, however, until such time that agreement is reached, this option cannot be guaranteed. It is the Council's understanding that keeping the CCBM open is a condition for any funding that the external partner would provide for a new museum within Stewart Park.

Option 1 does though have a savings shortfall of £0.042m against the original proposal. A senior management review will be undertaken and implemented from 1 April 2025, this will create savings which will fully address this shortfall and contribute to the £0.129 savings

required in 2025/26 through the reduction of staff within the Regeneration Directorate, as agreed by Council at during the 2024/25 budget setting process, REG01 refers.

Should the investment from the external partner not materialise then the option of closing the museum will be undertaken. Consequently, the revised achievable savings will reduce to £0.277m. There will though be a one-off cost for the re-housing of the Cook collection, this cost is assumed to be £0.050m.

## **6.2 Legal**

Middlesbrough Council will agree formal Heads of Terms with the external partner covering the annual revenue contribution to the existing CCBM and their support for the development of a new facility. The offer of financial support towards the operational costs of CCBM does not in itself raise any significant legal issues. However, consideration would need to be given as to which capacity we would be acting - as the charity (Stewart Park trust) or as MBC.

Stewart Park is held by the Council as trustee only on behalf of the people of Middlesbrough (after it was gifted to them by Henry Bolckow and others in 1924). The Stewart Park trust is now a registered charity (simply named Stewart Park) and is registered with the Charities Commission with registered charity number 507075.

The charity is administered by its governance rules, which would need to be followed in order to approve any new development in the park.

In 2015, the Charities Commission approved a formal scheme to replace the former trusts of the charity and a copy of the revised scheme is attached as Appendix 2. This is the current governance document for the charity which would need to be followed to deliver the new museum facility.

Any land held by (or in trust for) a charity can only ever only be conveyed, transferred, leased or otherwise disposed of by a charity with either:

- an order of the court; or
- An order of the Charities Commission.

Ultimately, the project will require approval from the Charity Commission to proceed.

Any future proposal made to Executive to approve the development of a new Museum facility will include more detail on any other legal considerations. This report simply asks Executive to approve the exploration of new facility.

Closure of the existing CCBM now or in the future would affect the lease agreement with the café tenant, Cook's Café, who is currently operating on a rolling lease. Advice from Legal will be sought should termination be required (due to closure of the building). If the decision is taken to keep the CCBM open whilst a new facility is built, the recommendation is to offer a fixed contract to the tenant.

Should the CCBM close, it remains the responsibility of MBC as trustee to manage its collections or else go through a fair and transparent process to dispose of them. As Middlesbrough Museum Service is part of Arts Council England's Accreditation Scheme – the industry standard for museums and galleries - it agrees to adhere to all policies, procedures and regulations that meet all relevant legal, ethical, safety, equality, environmental and planning requirements and comply with best practice in governance, reporting and operation. This would apply to any re-homing of the collection or any plans to dispose of items owned by MBC or return of items on loan to the service from other institutions.

### Other general potential legal issues:

#### Employment Law Considerations

The saving of £0.100m made in 2024/25 has been achieved through salary savings from holding vacant posts. If any future arrangements for the museum service impact on staff employment the appropriate consultation will be undertaken with staff and unions.

Consideration may need to be given as to whether any proposed partnership with the external partner would amount to a 'relevant transfer' under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). If it does, TUPE would apply and the necessary processes would need to be followed.

### 6.3 Risk

The risks have been identified within the table below:

<b>Risk</b>	<b>Owner of Risk</b>	<b>Mitigation</b>
Not meeting the required saving and timescales	Middlesbrough Council – Director of Regeneration	Implementing the recommended option meets £303K of the £345K saving, with the rest to be found from within the Regeneration budget. The £100K target 2024/25 is secured. The £53K rates saving is secured. Will work with external partner to secure a legal agreement for their £150Kpa contribution.
Closure of the CCBM	Middlesbrough Council – Director of Regeneration	Implementing the recommended option will keep the CCBM open on its current operational model whilst a new museum facility is developed in partnership with an external partner. Middlesbrough Council to formalise heads of terms with the external partner and work collaboratively to develop a new facility with a more sustainable business model. Middlesbrough Council to work with the external partner to maximise external investment opportunities for the new facility.
Operational capacity / pressure on staff within the	Middlesbrough Council – Head of Culture	Taking opportunities to bid for external funding to support staff capacity – especially around programming, volunteer management and collections management.

Museum Service due to staff savings		Managing expectations around programme delivery / income from programming during budget setting, based on capacity. Revisiting any potential support through the Transformation Programme in areas which have further savings/income generation potential.
Losing ACE Accreditation due to significant backlog in cataloguing collections	Middlesbrough Council – Head of Culture	Keeping Arts Council and Tees Valley Museums Group involved in our plans and taking guidance re their expectations. ACE confirmed re-accreditation for Middlesbrough Museums is not due in 2024. Exploring options to strengthen capacity in this area through Culture Service Review, external funding applications and/or the council's Transformation Programme (as Accreditation opens doors to funding programmes).
Withdrawal of support from / dissolution of partnership with external partner	Middlesbrough Council – Director of Regeneration	Having a robust heads of terms agreement in place which mitigates this possibility. Establishing a project management structure for the development of the new facility including a project board with representation from both MBC and the external partner. Having a costed and risk assessed Plan B ready to go should the partnership fail – the recommendation is to close the CCBM and consolidate the collection at the Dorman.
Failure to maximise external funding opportunities for the Museum Service	Middlesbrough Council – Director of Regeneration & Head of Culture	Working closely with TVCA to align the development of the new museum facility with the emerging Tees Valley Heritage Strategy. Keeping key funders including Arts Council, National Lottery Heritage Fund and Museums Development North across our plans for the service as they emerge to identify opportunities to apply for funds.

#### **6.4 Human Rights, Public Sector Equality Duty and Community Cohesion**

The attached Impact Assessment, attached as Appendix 1, has concluded that the decisions would not have any disproportionately negative impacts.

#### **6.5 Climate Change / Environmental**

The current CCBM facility is energy inefficient and recommendations from a decarbonisation report to reduce its carbon footprint are not considered to have a viable ROI by Design Services. The construction of a new museum facility will adhere to all current planning and building control requirements and where possible include new renewable technologies, such as Air Source Heat Pumps and Solar Photovoltaics.

#### **6.6 Children and Young People Cared for by the Authority and Care Leavers**

The attached Impact Assessment, attached as Appendix 1, concluded that a decision to close the CCBM would have a disproportionate adverse impact on children & young

people, who currently benefit from the learning programme delivered at the CCBM. However, as the recommended option is to keep the CCBM open and work to develop a new museum facility, there would not be any disproportionately negative impacts on this group. This would change if we had to implement the Plan B option.

**6.7 Data Protection**

The proposed decision is unlikely to involve the collation and use of personal data. However, a Data Protection Impact Assessment will be carried out prior to entering any legal agreement with the external partner.

**Actions to be taken to implement the recommended decision(s)**

Action	Responsible Officer	Deadline
Sign formal Heads of Terms with external partner	Director of Regeneration	December 2024
Commission full feasibility for new museum facility	Director of Regeneration	January 2025
Proposal to Executive for decision on development of new Museum Facility	Director of Regeneration	September 2025

**Appendices**

1	Impact Assessment
2	Stewart Park s67 Scheme

**Background papers**

Body	Report title	Date

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