

North Yorkshire Council

18 March 2025

Management Options for Scarborough Museum and Galleries

Report of the Corporate Director, Community Development

This report contains exempt information at Appendix A by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972

1.0 PURPOSE OF REPORT

- 1.1 To consider the most effective option for the ongoing management of Scarborough Museums & Galleries (Scarborough Museum, Creative & Cultural Trust - SMCCT)

2.0 SUMMARY

- 2.1 This report outlines options for the future management of the collections and gallery/museums buildings currently managed by Scarborough Museum, Creative & Cultural Trust (SMCCT).

3.0 BACKGROUND

- 3.1 The Council owns Scarborough's Rotunda Museum (the country's first purpose-built museum), Scarborough Art Gallery, and the Woodend building.
- 3.2 The Council also owns the museum and fine art collections on display in these buildings, and located on-site at Woodend, in an external store in Filey, and within Scarborough Town Hall.
- 3.3 SMCCT have an SLA with the Council to manage the buildings, care for the collections, and deliver the museum service offer. This agreement has been in place since 2005.
- 3.4 The Trust have an internal repairing lease with the Council. External repairs and maintenance of all three sites it occupies, are the responsibility of the Council.
- 3.5 In November 2024 the Trust called an extraordinary Board meeting, at which the worsening financial position of the charity was set out, and Trustees agreed to ask the Council to explore the option of bringing the service back in-house. The assessment of the Board was that taking into account the current capacity of the Board and the deteriorating financial position there was not a realistic option of delivering their objectives in accordance with the SLA, and that the team at North Yorkshire would be in a better position to do so.
- 3.6 During this period, advice and support has been provided by the Council to the Trust and officers have worked together to reach a clear understanding of the current financial position, ongoing issues and in relation to ongoing accreditation and collection care.

4.0 ASSESSMENT AND FINDINGS

- 4.1 Given the situation outlined, do nothing is not a viable option. The Council own the buildings and the collections and require a sustainable option for their management. If SMCCT become unviable then responsibility will revert to the Council in any case.

Option 1 – The Council directly manages the museums and galleries

- 4.2 This is the preferred option at the present time. The Council already directly manages museums and galleries in Harrogate and Skipton and has expertise and a management structure to achieve this efficiently. This option brings opportunities through operating at a larger scale and for collaboration across a wider museums, galleries and archives service, which has received national recognition. Support service and management costs would be reduced.
- 4.3 The Trust have committed to working positively with the Council to achieve a managed transition. Under this option staff would be TUPE transferred into the Council. The current CEO is an interim appointment which ends on 31 March 2025.

Option 2 – Provide additional financial and management support to develop and implement a recovery plan with the Trust

- 4.4 This option would require significant financial and management support and potentially some renegotiation of aspects of the current SLA. This is not the preferred option of the Trust and is not considered a viable option at this time. Further detailed work would be required for this option, but the initial assessment is that SMCCT do not have the skills and capacity to turnaround the current position and this option brings financial risks for the Council.

5.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 5.1 The Trust have requested assistance from the Council and have submitted a letter of intention to the Council to enter into negotiations in good faith with the intention of the early and managed termination/surrender of their current SLA, lease agreements and the Collections Agreement.
- 5.2 Communications updating staff and local elected Members of the current situation have been issued. Responses to local Member communications have been positive and supportive and internal service teams have been helpful and collaborative.

6.0 CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1 The Rotunda Museum, Scarborough Art Gallery and Woodend building are important cultural assets. Culture contributes specifically to Council Priorities as outlined below.
- 6.2 Culture contributes to the following Place & Environment objectives & related priorities:
- A clean, environmentally sustainable and attractive place to live, work and visit.
- 6.3 Culture contributes to the following Economy objectives and related priorities:
- Economically sustainable growth that enables people and places to prosper.
 - Culture, heritage, arts and sustainable tourism all play their part in the economic growth of the county.

- New and existing businesses can thrive and grow (*creative sector identified growth sector*).

6.4 Culture contributes to the following Health & Wellbeing objectives and related priorities:

- People are supported to have a good quality of life and enjoy active and healthy lifestyles.

6.5 Culture contributes to People objectives and related priorities:

- People can achieve their full potential through lifelong learning and education.

7.0 ALTERNATIVE OPTIONS CONSIDERED

7.1 Options have been considered as set out above.

7.2 The option to do nothing was considered unviable, as if the Trust fails the service reverts to the Council in any case, as the Council owns the collections and the buildings. Do nothing risks an unmanaged transition, disruption to services, financial losses and reputational risk.

7.3 The provision of significant additional financial and management support to SMCCT to develop and implement a recovery plan is set out in Option 2. However, it is not considered that the Trust have the expertise or capacity at the present time for this to be a viable option. It is also considered to present a greater financial risk to the Council.

7.4 The direct management of the museums and collection by the Council, as set out in Option one above is considered the preferred option for the reasons set out in section 4 above.

8.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

8.1 A project team has been established including Legal, Finance, ICT, Property, HR, and Transformation.

8.2 Officers are working positively with teams from SMCCT on a safe and legal transition process, minimising disruption to customers and staff. Relationships with funding and delivery partners will be maintained, with proactive communications with key stakeholders during the transition period.

9.0 FINANCIAL IMPLICATIONS

9.1 The current payment to SMCCT for the delivery of services as set out in the SLA is £491,100 per annum for financial year 2024-25. The SLA payment rises annually by the same percentage increase in CPI in the preceding 12-month period. CPI to end of December 2024 was 2.5% so estimated SLA for financial year 2025-26 would be £503,377. The current SLA agreement runs until 31 December 2038.

9.2 There is a significant backlog of external and internal repairs. The Council is already responsible for the external maintenance. However, there is a significant backlog of internal repairs for which the Council would be responsible; the NYC Property team are undertaking condition surveys to inform this work. In the short term it is also likely that the Rotunda Museum will need to close to enable repairs to be undertaken and this will impact on income during this period.

9.3 In addition, there will be costs associated with bringing the service back in house, including technology, legal and other costs.

10.0 LEGAL IMPLICATIONS

- 10.1 Option 1 requires the agreement of early termination of the SLA, collections agreement and leases of all properties currently occupied by SMCCT on an agreed transfer date. This will be documented by way of a formal surrender and termination agreements. This report seeks approval to delegate the authority to agree the final terms of and the authority to enter into these agreements with SMCCT to the Corporate Director – Resources in consultation with the Corporate Director – Community Development and the Assistant Chief Executive Legal and Democratic.
- 10.2 The terms of the agreement will make arrangements for the TUPE of staff, treatment of the business' creditors/debtors, sub tenants and their rent accounts, novation/assignment of any contracts, on-going grant agreement responsibilities and the transfer to the Council of all other assets/equipment/data held by SMCCT in connection with the operation of the properties pursuant to the SLA. As part of these arrangements, it is not proposed that the Council takes on any historic liabilities of SMCCT however further due diligence is required on this which takes into account the future status of SMCCT. The final position will form part of the delegated decision referred to above.
- 10.3 Whilst the SLA and lease require SMCCT to return the properties and their contents to in broadly the same condition, as noted above, there is some internal back log maintenance at the Rotunda Museum in particular, which in view of the current status of SMCCT, the Council will need to pick up post transfer.
- 10.4 Consideration in the legal agreements will also need to be given to treatment of any reserves held by SMCCT on the agreed transfer date, and provision made for their transfer to the Council for the on-going operation and repair of the properties.

11.0 EQUALITIES IMPLICATIONS

- 11.1 An equalities impact screening has been completed (see Appendix A), and a full impact assessment is not required.

12.0 CLIMATE CHANGE IMPLICATIONS

- 12.1 A climate change screening has been completed (see Appendix B). This proposal does not warrant a full CCIA to be undertaken at this stage.

13.0 PERFORMANCE IMPLICATIONS

- 13.1 Bringing the Scarborough cultural venues and service delivery in-house gives opportunity to improve performance through provision of a consistent approach to community and visitor engagement, led by an award-winning museum and cultural team.
- 13.2 The delivery of the service will contribute towards the delivery of the North Yorkshire Cultural Strategy as well as supporting delivery of wider Council priorities as outlined above.

14.0 POLICY IMPLICATIONS

- 14.1 There are no direct policy implications arising from this proposal.

15.0 RISK MANAGEMENT IMPLICATIONS

- 15.1 This proposal reduces service risk. It provides for a more efficient way of operating and links to wider community and cultural sector priorities.

16.0 HUMAN RESOURCES IMPLICATIONS

16.1 All existing SMCCT staff will TUPE to North Yorkshire Council.

17.0 ICT IMPLICATIONS

17.1 Arrangements for the transfer of ICT systems and databases, hardware and software will be made as part of the transfer process. New arrangements for the website and social media accounts will also be required. Transfer of data will be undertaken in line with DPIA requirements. ICT are involved as part of the project team.

18.0 COMMUNITY SAFETY IMPLICATIONS

18.1 No direct implications.

19.0 CONCLUSIONS

19.1 The proposal to bring the services in-house under direct Council management is the preferred option. This option brings opportunities through operating at a larger scale and for collaboration across a wider museums, galleries and archives service, which has received national recognition. Support service and management costs would be reduced.

20.0 REASONS FOR RECOMMENDATIONS

20.1 To provide an efficient option for the ongoing management on of Scarborough's Museum and Gallery service which minimises service disruption and financial risk for the Council.

21.0 RECOMMENDATION(S)

- i) To progress termination of SMCCT's Service Level Agreement and bring the museum and gallery service back into direct Council management within the Culture & Archives Service, as set out in Option One.
- ii) To delegate authority to agree the final terms of and the authority to enter into these agreements with SMCCT to the Corporate Director – Resources in consultation with the Corporate Director – Community and Development and the Assistant Chief Executive Legal and Democratic.
- iii) To approve a transition budget of £56k to support the delivery of a safe and legal transfer of services, funded from Corporate Reserves.

BACKGROUND DOCUMENTS:

Appendix A - Detailed Financial implications (Private and Confidential – exempt information by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)

Appendix B - Equalities Impact Assessment

Appendix C - Climate Change Impact Assessment

Nic Harne, Corporate Director (Community Development)

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18.03.25

Report Author – Danielle Daglan, Head of Culture and Archives

Report presenter – Danielle Daglan

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.