

Brighton & Hove City Council

**Culture, Heritage, Sport,
Tourism & Economic
Development Committee**

Agenda Item 45

Subject: Royal Pavilion & Museums Trust Annual Report

Date of meeting: 18th January 2024

Report of: Executive Director for Economy, Environment and Culture

Contact Officer: Name: Louise Peim

Tel: 07876 645135

Email: louise.peim@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The Royal Pavilion & Museums Trust (RPMT) are contractually required to provide an annual review and forward service plan to this committee for approval. Attached to this report as Appendix 1 is the Trust's fourth annual plan, having now operated as an independent Trust for three complete financial years.

1.2 The contract held between the Trust and the Council stipulates committee approval of the Trust's proposed Fees and Charges for the following year. Proposed fees and charges can be found in Appendix 1 of the annual service plan (Appendix 1).

2. Recommendations

2.1 That Committee notes the achievements the Trust have made over the past year, including an improved financial position.

2.2 That Committee approves the Trust's annual Service Plan (Appendix 1) for 2024-25, including the proposed Fees & Charges, as detailed in Appendix 1 (page 47) of the Service Plan.

3. Context and background information

3.1 On 5th December 2019, the Policy and Resources Committee agreed to the transfer of the Royal Pavilion and Museums to an independent trust. Assets were transferred to the Trust on 1st October 2020. The Trust are custodians of the museum buildings, gardens and collections through a 25-year contract with the Council. The Council remain as freeholder. The extensive portfolio includes the Royal Pavilion & Gardens, Brighton Museum & Art Gallery, the Old Court House, 4/5 Pavilion Buildings, Hove Museum & Garden, Preston Manor House & Gardens, and Booth Museum. Leases for these assets run concurrently to the contract.

- 3.2 As part of the legal Services Agreement and associated investment between the Council and the Trust, members of this committee are required to consider and approve an Annual Service Plan at the beginning of each year. This includes the Trust's Fees & Charges, as outlined in Appendix 1 of the Trust's report (Appendix 1).
- 3.3 The Trust began operating during the global pandemic in 2020, which caused significant challenges for the organisation during the first two years. Enforced building closures led to significant loss of income. Following high rates of inflation and subsequent rises in energy costs caused further financial pressures.
- 3.4 The year 2023-24 was the third full operating year for the Trust as an independent charity and they submitted their third set of audited accounts to the Charity Commission. The Trust are looking to achieve a small surplus position this financial year (2023-24), with an £8k surplus. This is being achieved through a programme of savings, including a staff restructure, which resulted in five compulsory staff redundancies and two voluntary redundancies. Increased income generation has supported an improved position through enterprise opportunities, including enhanced retail offers across their five shops, increased events, filming opportunities, visitor admissions, and gift aid income.
- 3.5 The return of international group visits has also contributed to an improved financial position, with approximately 50,000 visits from student groups during the first 6 months of this financial year. Historically this has been an important source of income, with visitor numbers typically between 60-100,000 per year. This was vastly reduced during the pandemic and post-Brexit, with only 15,000 visits for the duration of 2022-23. The Trust have welcomed 70,000 Brighton & Hove residents across the portfolio.
- 3.6 Visitor numbers continue to make a steady recovery. The Royal Pavilion welcomed 160,029 visitors this year (116,486 in 2022-23), Brighton Museum & Art Gallery welcomed 36,233 (32,565 in 2022-23), Hove Museum saw a substantial increase in visitors with 13,429 (5,934 in 2022-23), Booth Museum remained steady with 11,364 (11,051) and 3,308 (2,018 in 2022-23) people visited Preston Manor through planned events and school visits.
- 3.7 There have been many achievements during the past year, as detailed in the report, in particular:
- 5 retail shops expected to turn over £700k
 - 112 weddings and events hosted
 - 40 candle lit concerts with 5,000 attendees
 - 2 new cafes opened at Hove Museum and the Pavilion Tea Rooms
 - 32% increase in visitors during April-Oct compared to previous year
 - £4.4m bid submitted to National Lottery Heritage Fund for investment in Royal Pavilion Garden
 - £473,000 of new investment for the portfolio and programmes of work
 - 2 x the number of visitors to Hove Museum through improvements
 - 70,000 resident visits equate to 24% of the population of the city

- £44k funding secured to develop a secondary school offer
- 18,000 school children engaged in formal learning – on track to meet target

3.8 Looking forward to 2024-25, the Trust will receive a 36% reduction in funding from the Council, from £1.246m to £916k. The Trust form part of Arts Council England's (ACE) National Portfolio and receive regular annual funding from ACE. In 2024-25, the Council's financial contribution will amount to 11% of the Trust's overall income. The reduction in funding from the Council means that the Trust have to significantly increase their income targets.

3.9 The Trust are forecasting a 10% increase in visitor income and secondary spend. This will be met partly through the appointment of a new marketing lead. They have set a £514k fundraising target to bridge the gap in income from the Council and to build up reserves. If the NLHF bid to develop the Royal Pavilion Garden is successful, the Trust will have a significant fundraising target to meet the project's budget gap of c.£870k. This creates additional financial pressure for the Trust. This year the Trust received a three-year grant from Fidelity to invest further in their income generation team. They now have in place a team of skilled fundraisers to enable them to meet these ambitious goals.

3.10 The Trust's fees and charges (see Appendix 1 of Appendix 1) will be revised as part of their budget setting process for 2024/25. The fees will formally be approved by trustees in February 2024, pending approval of this committee. Charges are a key component of the Trust's financial planning, with earned income accounting for between 50-60% of organisational running costs. Decisions on increased fees and charges are taken in line with the Trust's business plan, inflation and comparable market rates. Last year, committee approved the introduction of a charge of £6.75 for adult residents at Brighton Museum & Art Gallery. This provides unlimited access throughout the year, including access to all exhibitions (previously charged for). With two major exhibitions held this year, this has proved popular with residents and visitors, as demonstrated through the visitor numbers. The Trust propose increasing the charge for resident adults for Brighton Museum by £0.25 to £7. Resident children retain free admission.

3.11 A full activity plan for 2024-25 can be found in Appendix 1 on pages 14-25 of Appendix 1. This includes plans to make better use of the assets, including development plans for Preston Manor, Booth Museum and renting the Old Court House, which has been delayed due to essential works to the Trust's office space and staff using the premises as an office in the interim. The work that has been undertaken to improve Hove Museum can be evidenced through the doubling in visitor numbers.

4. Analysis and consideration of alternative options

4.1 The annual plan (Appendix 1) outlines the approach the Trust propose to take during 2024-25. With a reducing fee from the Council and significant fundraising targets, The Trust need to be ambitious yet realistic with their income goals and continue to increase their financial independence.

- 4.2 The Trust will potentially be managing a number of large-scale capital programmes next year. If the bid for the garden is successful, further development work will take place, with capital works starting in early 2026. The essential repair works to Brighton Museum roof will begin next summer leading to partial closure of the Museum. As with all capital projects, this presents risk for the Trust and the Council. To mitigate risk, Council officers sit on project boards.
- 4.2 The alternative option is that the buildings and collections come back to the Council, which is not considered to be a viable option. Despite some very challenging financial pressures for the Trust during their first two years operating, the assets are best placed with an independent organisation, which is supported by the city council.

5. Community engagement and consultation

- 5.1 As a significant culture and heritage organisation in the city, the Trust will continue to be an active community partner and stakeholder. The funding secured to develop a secondary school programme, which is developed with local teachers, will be of great benefit to young people in the city. Three Brighton & Hove Councillors sit on the board as trustees and meetings are held regularly with Council officers. Although the independent status of the trust and the advantages this brings is recognised by all, the annual service plan will ensure their work is closely aligned and delivering to the administration's new Council Plan.

6. Conclusion

- 6.1 There have been many achievements for the Trust throughout the past year, as noted in their report (Appendix 1). Notably an improved financial position makes them more financially stable. They remain one of our most important cultural organisations in the city, supporting our visitor economy and offer to our residents.
- 6.2 The Trust have substantial fundraising targets for next year. They will need to ensure their income targets are met to achieve a balanced budget. With unprecedented financial pressures for the Council, it is essential that we work with the Trust to support them in achieving their business plan and encourage increased financial independence.

7. Financial implications

- 7.1 The Royal Pavilion and Museums Trust annual service plan is presented as breakeven for 2024/25 and reflects the agreed service fee for the year. This does rely on RPMT being able to claim £0.310m additional resources as part of the agreement, to cover deficits caused by NJC pay awards. This will be subject to review during the year when actual financial performance is known. This agreement is in place for the first 5 full years since transfer and is included in the proposed budget for 2024/25, subject to approval at Budget Council in February 2024. The original agreement included a loan facility of up to £4.0m to support financial resilience of the Trust and to date the Trust has drawn down £2m which requires repayment (without interest)

between 2025/26 and 2030/31. The Trust can request further loans as long as it can demonstrate these are affordable for repayment and are required for their financial resilience.

Name of finance officer consulted: James Hengeveld Date consulted: 21/12/23

8. Legal implications

- 8.1 The Services Agreement between the Council and RPMT requires the Trust to produce an Annual Service Plan in an agreed form for approval by the Council. As required by the Service Agreement, the Annual Service Plan sets out the proposed fees and charges. The Council's Culture, Heritage, Sport, Tourism and Economic Development Committee is the appropriate committee to grant this approval.

Name of lawyer consulted: Eleanor Richards Date consulted: 18/12/23

9. Equalities implications

- 9.1 The Trust work to their internal equalities policies. Council officers inform the Trust of any new Council policies, such as the Fair and Inclusive Action Plan and Anti-Racism Strategy. The Trust are delivering a Culture Change programme of work. This includes work around decolonizing collections.

10. Sustainability implications

- 10.1 The heritage buildings leased to the Trust are historic and high maintenance. They consume energy through environmental management systems and inefficient building structures which were not designed to retain heat. However, the Trust are fully committed to environmental sustainability and doing all it can to minimise its carbon footprint. The Booth Museum has repositioned itself as an educational hub to address climate change issues.
- 10.2 The Brighton Museum roof capital programme of work seeks to replace an inefficient roof with an improved thermal performance option. This will not only reduce the water ingress to the building and mitigate against damage, but it will make the building more efficient and support the Council and the Trust's carbon net zero goals. As an Arts Council England National Portfolio organisation, the Trust submits a sustainability action plan annually as part of their funding agreement.

11. Other Implications

Social Value and procurement implications

- 11.1 There are no specific social value or procurement implications. The Trust have their own procurement policy which reflects the Council's and has a strong focus on social value.

Crime & disorder implications:

- 11.2 As part of the application to National Lottery Heritage Fund, funding has been applied for to consider how the Trust and the Council can work together to reduce antisocial behaviour in the Royal Pavilion Gardens and surrounding areas.

Public health implications:

- 11.3 Access to culture is known to support people's health and wellbeing. If investment to the Royal Pavilion garden is secured, the Trust intend to advance their volunteering scheme beyond their existing cohort of 88 volunteers. There are also plans for an outdoor learning space, providing valuable opportunities for people of all ages to engage in learning in a green space.

Supporting Documentation

1. Appendices

1. Royal Pavilion & Museum's Trust Annual Service Plan, 2024-25.