

# Thwaite Mills – Closure of the facility and surrender of the leases

Date: 22/03/2024

Report of: Head of Service, Leeds Museums and Galleries

Report to: Chief Officer, Culture & Economy

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief Summary

- This report details the reasons for closing Thwaite Mills and surrendering the three leases of the site to the owners, Canal & River Trust (CRT).
- These changes are considered necessary to help address Leeds City Council (LCC)'s financial challenge and were included as a savings proposal that formed part of the Council's budget, approved by Full Council on 21 February 2024.
- Leeds Museums and Galleries (LMG) contribute significantly to the Best Council Plan, not least through the service's delivery of culture and contribution to the visitor economy.
- This decision most closely aligns with the pillar of Inclusive Growth through cost savings to Leeds City Council, allowing resource to be directed to Council owned sites: the closure of Thwaite Mills will reduce the service's costs by approximately £220k per annum.
- In addition, from 2018-19 the Council invested £505,266.83 in heritage asset works at Thwaite, and investment in repairs and maintenance has averaged £15,000 annually. The Council also spent £20,000 in 2022 on a conservation management plan for Thwaite in order to establish the site's significance and to inform future management of the watermill site.
- The scale of the saving, and the fact that Thwaite Mills is the only site in the LMG portfolio that is not owned by Leeds City Council, are the main reasons for the decision to close and surrender the lease.
- There are 6 employees (4.47 FTE: 1 x C3, and 5 x A1/A3) who will be directly affected by this proposal.

## Recommendations

- a) That the Chief Officer Culture & Economy approves the decision to close Thwaite Mills, declaring the property surplus to service requirements, and to surrender the three leases of the site to Canal & River Trust (CRT).

- b) That the Chief Officer Culture & Economy approves continuing engagement with trade unions on managing staff reductions during phased closure, and with key stakeholders such as boaters using moorings at Thwaite.
- c) That the Chief Officer Culture & Economy approves that, if required, notice (six months) be served on boaters to allow for vacant possession.

### **Why is the proposal being put forward?**

- 1 Leeds Museums and Galleries (LMG) manages nine sites in and around Leeds with a collection of some 1.3 million objects. It is the largest local authority run collection outside of London with four designated collections of national significance: decorative art, fine art, natural sciences, and industrial collections.
- 2 Thwaite Mills has been managed by LMG since 1990 but is the only site not owned by Leeds City Council.
- 3 The site is owned by CRT and leased to LCC. The 50-year lease expires on 24 December 2030. The lease provides a provision for the tenant to surrender its interest on the expiry of a 12 month notice period.
- 4 LMG's five-year strategy, [Deepening Connections, Widening Impact \(2022-27\)](#), has six outcomes, the first of which is to be more sustainable and responsible, financially and environmentally. To this end, LMG is already implementing key recommendations in a commercial review (2022).
- 5 However, the Council's financial challenge has made the need for immediate savings acute.
- 6 Closing Thwaite would allow the Council to make an annual saving of approximately £220k.
- 7 As well as the leased nature of the site, and the size of the saving, Thwaite attracts lower visitor numbers (11,114 in 2022) in comparison to other LMG sites. The site has the second lowest income level as a proportion of expenditure of all LMG sites (19%). This is despite consistent marketing and promotion of the site through a new brand identity (2019), site leafleting, web and social media promotion, inclusion in the LMG *What's On*, proactive media coverage, and so on.
- 8 The site regularly floods when the River Aire rises, submerging at least one third of the island despite having benefited from the Flood Alleviation Scheme Phase 1. This makes maintenance difficult (especially cleaning up including contaminated waste and controlling invasive species borne by the river).
- 9 Added to this natural disadvantage, there are high maintenance costs associated with managing historic buildings of this nature. Following heritage asset works at Thwaite from 2018-19 for which the Council invested £505k, investment in repairs and maintenance has averaged £15k annually. In addition, the Council spent £20k in 2022 on a conservation management plan (CMP) for Thwaite in order to establish the site's significance and relevance and inform future management of the watermill site. The CMP found that Thwaite is a unique survival of an early 19<sup>th</sup> century industrial mill complex and holds relevance for the people of Leeds as a 'tangible illustration of past lives and behaviours that has survived in a remarkably intact form' and made recommendations on future governance and management options.

## Staffing proposals

- 10 The site has six dedicated members of staff (1 Site Development Officer, and 5 Visitor Assistants, which equates to 4.47FTE). They are managed by a Keeper who is also responsible for Leeds Industrial Museum.
- 11 There are also 'matrix' staff – curatorial and collections care, engineers, learning and access, community engagement, and audience development, who support Thwaite Mills without being based there. No saving is being proposed from these support staff who are deployed across the service.
- 12 Given the requirement to give CRT 12 months' notice from the nearest quarter day (25 March, 4 June, 29 September or 25 December), and in order to honour pre-existing bookings during 2024, and to achieve a saving in 2024-25 of £54k, a business case has been prepared which proposes progressing the application for all four members of staff who reaffirmed interest in the Voluntary Leavers' Scheme. Three of those staff would leave as soon as the appropriate notice period has been served while one member of staff would remain until September 2024. Two other members of staff would be employed to maintain the site until it is handed back to CRT in Spring 2025. Further capacity to support site delivery has also been identified within the wider operations and enterprise team including support from one of the booking officers and the events will be overseen / managed by the Commercial Events and Experience Manager.

### **What impact will this proposal have?**

**Wards affected: all**

Have ward members been consulted?       Yes       No

- 13 Individual meetings with local elected members were held on 14 December 2024.

### **What consultation and engagement has taken place?**

- 14 A public consultation was held between 20 December 2023 and 19 January 2024 to understand views on the proposal. Promotion of the consultation was carried out on social media, in local news reports, and shared with around 2500 members of the Leeds Citizens Panel. There were 978 responses in total. The results of this are summarised in Appendix 1.
- 15 Representatives from the GMB, UNISON, and Unite trade unions were informed about the proposal to close Thwaite and surrender the lease at a meeting on 4 December 2023 (to coincide with the publication of the papers for the December Executive Board meeting), followed by consultations at three separate meetings with LMG officers: on 14 December 2024, on 23 January 2024, and on 7 February 2024.
- 16 There were two staff engagement meetings on 4 December 2024 and 7 February 2024, which trade union colleagues also attended followed by a period to comment on the proposals or ask any questions.

- 17 Meeting notes and further information was sent to trade union representatives between meetings. Frequently asked question (FAQ) were collated and compiled responses were circulated to all staff and trade union representatives.
- 18 Four of the six site-based staff reaffirmed interest in the Voluntary Leavers Scheme during February 2024. These will all be progressed, with three members of staff leaving as soon as practicable, and the fourth leaving in September 2024. For the two remaining staff, there will be continuing engagement and consultation with trade unions on mitigating the need for redundancy When the site closes which is anticipated spring 2025
- 19 A meeting with boaters (who moor at Thwaite) took place on 13 December 2023, and the Keeper of Thwaite Mills has engaged with key stakeholders who use the site throughout the consultation process. Although the terms of the main lease require the site to be returned vacant, we will work with boaters and CRT constructively throughout. .
- 20 Although, understandably, there were some strong views on the closure of the site as a heritage attraction, there was also an appreciation of the scale of the Council's financial challenge.
- 21 In the public consultation (Appendix 1), 61% of respondents disagree with the proposal, 45% of which strongly disagree. 30% of respondents agree with ending the lease and 9% neither agree nor disagree. Looking at the demographics behind the figures, there are correlations between age and degree of support (younger people are more opposed to the proposal), those who visited most recently being more opposed, and the strongest level of opposition is from people travelling more than 20 miles.
- 22 Overall, there was support for a managed exit from the site, working constructively with the site's owners to explore options for future management and use.
- 23 A series of individual meetings took place with local elected members in December 2023 and January 2024.
- 24 LMG has also worked closely with the Canal & River Trust throughout to keep them informed about the consultation process and to answer enquiries about future use / development of the site.

## **What are the resource implications?**

### **Finance**

- 25 If taken forward the proposals would release £220k annual saving (£54k in 2024-25, £166k in 2025-26, and £220k thereafter).
- 26 Any dilapidation costs, and removal / vacant possession costs need to be ascertained. These will become clearer when discussions with CRT get underway.

### **Workforce**

- 27 All voluntary measures to manage staff reduction have been explored in the first instance including LCC's Voluntary Leavers Scheme (VLS). As mentioned above, four members of staff have reaffirmed interest in the scheme. These requests are supported by the service. The service will continue to work the two remaining staff and trade union colleagues to mitigate the need for redundancy when the site closes in spring 2025. However should alternative options not be achieved then there is the potential for referral to the Managing staff reduction process.

## **What are the legal implications?**

28 The Council can serve notice giving the requisite notice period to terminate each lease and the Council will be required to give vacant possession of the site on termination.

## **What are the key risks and how are they being managed?**

- 29 There is a risk that the proposed saving will not be realised creating a budget pressure for LCC. To mitigate this risk, careful planning of staffing needed to maintain and operate the site while bringing in income has been undertaken.
- 30 There is a reputational risk to LCC in terms of its general commitment to cultural heritage and in practical terms to carry out its commitments to existing bookings and to boaters. On the former risk, working closely and constructively with CRT to explore future management and use, and with existing users to reaccommodate activity at other LMG sites will help to reduce this risk. On boaters, engagement has taken place with the 8-12 people who moor at Thwaite, informing them of the proposals and the implications of this. LMG has passed on any questions and issues to CRT and is actively communicating with both parties to ensure that if another tenant is not found, then CRT will have vacant possession of the site. This represents a risk i.e. that vacant possession is not achieved by the termination date. LCC communications staff have been involved throughout to manage messaging on consultation, and will continue to be leading messaging as the site is handed back to CRT.
- 31 CRT has the right to a dilapidation claim, costs of which are to be determined. As noted above, LCC has already invested significant sums on maintenance and repairs but there is currently no budget provision for such liability. It should however also be noted that the dilapidations risk would come whenever LCC end the lease so is a liability in any case. The City Development Directorate will highlight this potential capital requirement in the forthcoming Capital Programme review.
- 32 It should be noted that one of the supplemental leases (for the car park at Thwaite) does not have a break clause so this represents a risk. However, opinion from the Council's legal team is the missing break provision is a mistake, as all 3 Leases and the Licence all work in conjunction with one another for the purpose of Thwaite Mills, and we will work with CRT to agree to an early termination of this lease.
- 33 Risks to artefacts left at site which previously belonged to the Thwaite Mills Society and then transferred to LCC with understanding that they would remain at the site (these would need to be discussed with CRT).
- 34 In terms of staffing reductions, when the site is finally closed, there may be the potential for the two remaining staff to be redeployed or opt to take Voluntary Leavers Scheme, otherwise the MSR process may result in redundancy .

## **Does this proposal support the council's three Key Pillars?**

- Inclusive Growth       Health and Wellbeing       Climate Emergency

- 35 These proposed measures are part of delivering the service's strategy which was developed in line with the Best City Ambition and the Council's ambitions around Inclusive Growth, Health and Wellbeing, and tackling the Climate Emergency.
- 36 The proposal is also in response to LCC's current financial challenges.

### **Options, timescales and measuring success**

#### **What other options were considered?**

- 37 Other savings proposals are being consulted on as part of an LMG savings package totalling £446k.
- 38 However, given the scale of the annual saving to LCC, and the leased nature of the site, the closure and early termination of the lease was considered to be the most suitable option to progress.

#### **How will success be measured?**

- 39 Achieving the estimated saving of £220k in 2026-27 and minimising costs to achieve a net saving of £54k in 2024-25, and £166k in 2025-26.
- 40 Working constructively with CRT and other stakeholders to explore options for future management and use of the site.
- 41 Success measures will also include minimising reputational risk.

#### **What is the timetable for implementation?**

- 42 To close the site to the public and for all educational bookings from 1 April 2024, and to honour all pre-existing bookings until October 2024.
- 43 To give 12 months' notice on the main lease and 6 months' notice on the supplemental leases to Canal & River Trust as soon as possible.
- 44 To progress with operational reconfiguration following VLS reaffirmation requests and to meet the needs of the site (maintenance, delivery of pre-existing functions and events).

#### **Appendices**

- 45 Appendix 1: Thwaite Watermill: Full findings report. 8 February 2024.

#### **Background papers**

- 46 None.