

MEETING:	CABINET
DECISION DATE:	23 JANUARY 2014
TITLE OF REPORT:	PROPOSED TRUST STATUS FOR MUSEUM SERVICE
REPORT BY:	CULTURAL SERVICES MANAGER AND ARCHIVES AND COLLECTIONS MANAGER

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

3. Wards Affected

County-wide

4. Purpose

To consider the proposal and options for moving Herefordshire Museum services to Trust status.

5. Recommendation(s)

THAT: **a procurement process is undertaken to solicit tenders from charitable trusts for the purpose of delivering the Museum service in Herefordshire.**

6. Alternative Options

- 6.1 An alternative option would be to continue to manage the service by the Herefordshire Council. This option was explored within the Cabinet Report of 19 September 2013 and it was judged that the long-term sustainability of the Herefordshire collection was best provided for within a trust arrangement as it makes external financial funding easier to access and also brings management and associated financial efficiencies.
- 6.2 Should there be no existing trust forthcoming to enter into an arrangement with the museum service the option of considering a small independent trust may be appropriate. However advice from a specialist museum consultant indicated that the small critical mass of the Hereford service may make this option unviable.

7. Reasons for Recommendations

- 7.1 On 19 September 2013 a Cabinet decision was made for the museum service to undergo a restructure to a reduced level of service and to commence negotiations with existing trusts in order to find a sustainable and safeguarded future for the museum service and the Hereford collection.

8. Key Considerations

- 8.1 The council's financial position is such that, to enable essential services for its most vulnerable residents to be maintained, it must reduce both the range and the level of services provided to the minimum necessary whilst meeting statutory requirements, unless there are clear reasons to do otherwise.
- 8.2 The museum collections consist of approximately 100,000 objects, most of which are held in trust by the local authority on behalf of the community. These are catalogued, conserved and curated at the Museum Resource and Learning Centre. It has already been established in the Cabinet Report of 19 September 2013 that the dispersion of the collection would prove disproportionately costly in terms of time, resources and legal fees.
- 8.3 The reduction in funding is related to the fact that these services, whilst valued by the community and contributing to the overall quality of life in the county are not essential to achieving the key service priorities of Herefordshire Council.
- 8.4 An arrangement with an existing trust for example would be where that trust establishes a new section for the museum services as part of the parent trust's group structure. The council would then enter into contractual arrangements with the new trust to include funding and operational requirements.

8.5 The range of aims for a trust include:

- Securing a sustainable future for the museum service.
- To maintain the curatorial expertise and safe-keeping of the Hereford.
- Providing savings for the local authority.
- To ensure continuous improvements to the services.
- To encourage effective partnership working.
- To reach new audiences.
- To achieve freedom to operate in an entrepreneurial manner such that new opportunities can be seized.

8.6 The benefits of associating with an existing trust include:

- Entering a partnership with an existing charitable trust to maximise NNDR, VAT and tax savings.
- An opportunity to realise savings from a reduction of overhead costs and economies of scale.
- An opportunity to attract external funding.
- Robust contractual arrangements to ensure the trust delivers on local requirements and issues.
- Governance arrangements which addresses issues relating to local representation.

8.7 Included within the scope of services transferred to a trust are:

- The Museum Resource and Learning Centre.
- Broad Street Museum and Art Gallery.
- Old House, Hereford.

8.8 Staff would be subject to a TUPE process from Herefordshire Council to the trust organisation.

8.9 The report of the Cultural Services Task & Finish Group was received on 8 January 2014 and as this report was being finalised. Its recommendation 7 indicates that proposed trust arrangements should allow reasonable time for the establishment and support for any future Trust. This approach is reflected in both the approach set out in this report, and the identification of appropriate risks.

9. Community Impact

9.1 The formation of a sustainable trust for museum services would have not have a negative community impact. It would also continue to contribute to the council priorities in the following ways:

Health and well-being

The trust would continue to provide a universal service providing education, learning and cultural activity opportunities for school pupils, research specialists, volunteers and the wider community.

Economy

The economic tool kit used to calculate the impact of museum services on the local economy indicates that for every £1 invested in the service £8 is generated as spend by visitors to the area.

10. Equality and Human Rights

The formation of a sustainable trust would continue to pay due regard to public sector equality duty. This would be a feature of the commissioning framework.

By continuing to provide a museum service with public access and management of the collection groups with protected characteristics would continue to benefit from having access to the service:

Disability groups

The tactile service providing access to the collection for people with visual impairment.

Age

The largely elderly volunteers would continue to have opportunities to be involved with the service continuing a positive contribution to their well-being.

People of all ages would continue to have access to the cultural and learning opportunities the service provides.

11. Financial Implications

11.1 The current cost of the service is £454,616 plus £175,000 back office costs.

11.2 The breakdown of costs for the trust option is as follows:

Item	Cost
Museum and Resource Centre Building & service costs	59,113
Collections and curatorial budget	12,050
Exhibition budget	9,600
Hereford Museum Budget	4,790
Old House Building and service costs	23,238
Staff costs	180,927
Total	281,078

Further information on the subject of this Report is available from
Mick Ligema, Cultural Services Manager, and Elizabeth Semper O'Keefe, Archives and Collections
Manager on Tel (01432) 260631/260056

11.3 *Back Office Costs*

A new trust will require back office support in areas of IT, Human resources, Legal support and Finance. The current back office costs of the service are £175,000. By joining with an existing trust these could be reduced considerably. Due to the accountancy processes of the council these costs cannot be shown in the budget but for a trust of this size they would be in the order of £90,000.

11.4 *Core Funding*

The period of core funding needs to be decided upon both in terms of achieving savings targets and also to provide sustainability for the start-up of an external organisation. Initial feedback from existing trusts has indicated that they would be most unlikely to consider any partnership arrangement with a museum trust unless there was a long term commitment from Herefordshire Council to provide an assurance of core funding.

11.5 The refurbishment of the Museum Resource & Learning Centre was carried out with Heritage Lottery Fund (HLF) support. The condition of this funding means that the building must be used for heritage/museum collections for a period of 25 years or the funding (£1,233,000) would need to be repaid. 19 years remain of this 25 year term. A portion of the core funding would be required to meet this obligation on behalf of Herefordshire Council. The minimum level of core funding would need to be commensurate with the obligation to HLF.

11.6 In the eventuality that there is no existing trust that considers the core funding to be a viable and sustainable proposition consideration would have to be given to the scope of the service still wished to be retained. A further decision would have to be taken if no existing trust is willing to deliver the service on behalf of Herefordshire Council.

12. Legal Implications

12.1 Herefordshire Council has a 25 year contract with HLF which provided £1.2 million funding for the Museum Resource and Learning Centre. There are 19 years left of this agreement to run. A condition of the grant is that HLF would seek to reclaim funding if the facility was closed, if its purpose changed from its original purpose and/or if access to the collection was not maintained.

12.2 A covenant for the use of the Old House stipulates that it cannot be used for commercial purposes or be sold. A covenant for Broad Street Library and Museum states that it has been entrusted for use as a library which would adversely impact on any sale of the site and impact potential changes of use. It is possible consent could be sought to a change to those covenants however the body having the benefit of a covenant is not obliged to give consent and would be likely to charge a considerable sum for its discharge if they agree at all.

13. Risk Management

13.1 The risk is recorded in the Environment, Economy and Culture risk register.

- 13.2 Failure to maintain Museum Resource and Learning Centre both for its purpose and for an acceptable degree of curatorial expertise and access to the collection would be a potential breach of the 25 year contract Herefordshire Council signed with HLF in 2006 and may result in HLF seeking to reclaim a portion of the £1.2 million investment they invested in the facility.
- 13.3 If the recommendations are agreed Herefordshire Council will undertake to support the core funding for a stipulated period.
- 13.4 If the report is not agreed and a level of core funding is not established it could put at risk the willingness of existing trusts to engage with incorporating the museum service and alternative options will need to be sought.

14. Consultees

- 14.1 Museum Service Staff
Museum Working Group
Friends of Herefordshire Museums and Arts
Halo Leisure
Courtyard Arts Centre
Herefordshire Trust/Visit Herefordshire
Hereford City Tourism
Marches Network
Volunteers
Ward Members through Stakeholder Group
Scrutiny Task and Finish Group

15. Appendices

- 15.1 None

16. Background Papers

- 16.1 None