

JOINT MUSEUMS COMMITTEE 21 JUNE 2017

SHARED SERVICE HOSTING REVIEW

Recommendation

- 1. The Museums General Manager recommends that:**
 - a) the Joint Committee consider a reinstatement of the proposal to switch the hosting of the shared service; and**
 - b) the commencement of the process of internal secondment to the post of Museums General Manager from 1 August 2017 – 31 March 2018 be approved.**

Background

2. The shared service was set up in 2010 when the decision was made that Worcestershire County Council would act as host authority for the service.
3. In 2015 and following a workshop for elected members, it was proposed that the hosting should switch to Worcester City Council. The view of the City Council at the time was as follows:
 - The shared service had been successful, although further partners had not come on board
 - The City Council was now keen to focus on History and Heritage as a unique selling point of Worcester, to drive investment and economic development
 - They therefore wished to integrate their economic development support with history and heritage
 - The City Council had the majority of the assets in the shared service
 - Place Partnership had replaced the previous support from WCC property services
 - The financial challenges facing each council were different, Worcester City Council was in a position to invest in History and Heritage, which would increase their proportion of the shared service
 - The County Council had asked for an increase in the charge to Worcester City Council for hosting
 - It seemed logical therefore for the hosting arrangements to change and for Worcester City Council to be the host authority.
4. From a County Council perspective, two issues were seen as crucial to the debate:
 - The shared service was a county wide service and it also worked nationally
 - There were complex issues around WCC's agreement with the Hartlebury Trust

5. In March 2016 the Joint Museums Committee received a progress report on the proposal to change the hosting of the shared service, with particular reference to the work required to achieve a revised financial package. (Minute No. 264 refers)

6. In April 2016 a steering group was established to address these and other issues involved in any transfer. Formal project management arrangements were set up, including a project board of senior managers from both partner authorities and Museums Worcestershire to provide oversight.

7. The steering group identified the following principles to guide the work to complete the project:

- To be cost neutral
- To be achieved through a thorough examination of the issues
- To be true to the principles of partnership working through continued joint arrangements
- To achieve as far as possible a seamless move of the service
- To meet corporate objectives
- To reflect the work carried out in relation to Hartlebury in any future structure.

8. A key financial issue emerged from the discussions of the project steering group. The County Council required the delivery of the project to be fully cost neutral, in relation both to one off spending and ongoing revenue commitments, including recharges. Although the full financial appraisal was yet to be completed, implementing the change was calculated to attract significant one-off costs in relation to IT (estimate - £15K) and an annual revenue shortfall in hosting charges in the region of £25-30K. No agreement was reached on how to meet these costs.

9. As a result, the Joint Museums Committee recommended in September 2016 that the project be deferred for 12 months, in the light of the financial shortfall and also the workload of the service in relation to the Commandery, Hartlebury and other projects. (Minute No. 287) This report is therefore intended to prepare the ground for a decision on whether or not to proceed with a further review this year.

The Context

10. The partnership agreement for the shared service makes provision for a review of both the nature of the relationship between the two partner authorities and for models of service delivery. The scope of existing powers, whether held by each partner authority or delegated to the Joint Museums Committee, is set out in a chart as supporting information. In determining whether to revisit the work undertaken in 2016, or to change the scope of that review, the following developments need to be considered:

Hartlebury

11. Museums Worcestershire has been working with the Hartlebury Castle Preservation Trust (HCPT) since 2011 to support the move to acquire the house and estate and in so doing, secure the future and viability of the County Museum. This campaign has resulted in a successful bid to the Heritage Lottery Fund for £4.97 million to enable the acquisition and local management of the site.

12. The relationship between the County Council, the shared service and the preservation trust is governed by separate management and funding agreements. These set out the nature of support to be provided by the shared service to the project and the responsibilities of HCPT as the landlord and recipient of funds.

13. The impact of these agreements will introduce a new dimension to the work of the shared service as a result of joint decision making with HCPT and may affect the budget split between the two Councils. This will require corresponding amendments to the joint committee's delegated powers in due course.

Museum and Art Gallery/Guildhall

14. In February 2015 the City Council moved its office headquarters into the Museum and Art Gallery building. After the initial settling in period, the operational relationship on site has offered opportunities for closer integration and joint working; these are yet to be fully realised. In the meantime, improvements to the exhibitions and events programme, partnerships with national museums and an enhanced marketing drive have led recently to increases in visitor numbers. In the longer term a development plan is required for the City Museum and this has been flagged as a priority in the current service plan.

15. The City Council is also keen to see some aspects of museum practice and working methods extended to the Guildhall, to improve security and presentation. In addition the impending launch of a new weddings offer at the Commandery, following the completion of works, offers opportunities for collaboration with the Guildhall on income generation from weddings and corporate hospitality.

Corporate Objectives

16. In 2016-21 Worcester City Council launched a new City Plan for the next five years which includes as one of its key themes "A Heritage City for the 21st Century". The Commandery redevelopment is the first capital museum project that will help deliver this plan; the service is also engaged in ongoing marketing initiatives that help to meet the aim of putting Worcester on the map nationally and internationally and boosting the City's status as a heritage destination.

17. The City Council also wishes to develop greater joined up working to develop its heritage and cultural offer. This could include the expansion of marketing and events, as well as greater support for public art and other public realm projects, linked to the ongoing regeneration of the City Centre. How the museums service contributes to these elements could also be part of any forthcoming review.

18. Museums Worcestershire is helping to meet County Council objectives in relation to its work on the visitor economy and support for local attractions; support for skills development and volunteering; providing learning and leisure opportunities for children and young people; and delivering better health outcomes for older residents. Projects are delivered County wide and on occasion with other museums in the region.

Fundraising and profile

19. One of the objectives of the business case for a shared museum service was:

"A stronger countywide identity and branding, leading to higher profile and increased numbers of visitors"

20. This in turn was linked to the ability of the joint service to plan its capital needs strategically and to raise the grant aid necessary to be able to match visitor expectations.

21. This is one of the successes of the shared service to date. A strong identity and brand for Museums Worcestershire has enabled greater levels of fundraising (including strategic funding of £260K from the Arts Council for the first time) and the creation of new partnerships with national museums and collections e.g. the British Museum in 2017. In the light of new corporate priorities and the ongoing financial pressures, it follows that any change programme should enhance this fundraising effort and strengthen the existing profile of the service.

Support services

21. The partnership agreement sets out the arrangements for the payment of £10,500 from the City Council to the County Council to cover hosting charges. No allowance was made in 2010 for inflation.

22. In the light of funding pressures which have arisen since 2010, the County Council has sought additional recharges to cover costs. The two parties have failed to agree on mutually acceptable levels for hosting fees in the longer term.

Budget reductions

23. The County Council's requirement for savings has been greater in the shared services' first five years of operation, in turn changing the percentage contributions set out in the original agreement.

24. Looking ahead a further £95K reduction in operating costs is expected by the City Council in 2018-19 and 2019-20, as part of its medium term financial plan.

25. Museums Worcestershire has the following plans in place to address the shortfall:

- A new business plan for the Commandery demonstrating savings following a period of capital investment, agreed by the Joint Museums Committee in March 2017.
- The development of a consultancy "arm" to deliver fee income
- Following Arts Council funding to employ a fundraiser for two years, the development of a fundraising organisation independent of the shared service is an option to be considered.
- The launch of a new membership organisation in 2017.

26. Further work is needed to refine this savings plan for museums, as part of the review of the strategic plan which is due in March 2018.

27. In the early years of the joint service, several reviews into new and alternative delivery models were completed. These included an expansion of the service to include other local authorities and conversion to a charitable trust model. These were ambitions for the service set out in the original business case and designed to achieve a more viable and unified museum service for the whole County. Decisions were made not to proceed with these

proposals at the time. Meeting longer term plans for further savings may require another more fundamental look at new business models in future.

Succession planning

28. The post of Museums General Manager becomes vacant at the end of July following the retirement of Iain Rutherford. As head of the shared service the post has responsibility for all operational decision making, as well as implementing the decisions of the Joint Museums Committee. A decision on this appointment on a permanent basis, delegated to the Committee under the terms of the partnership agreement, is best made in the light of the wider discussion about the hosting of the shared service.

The Way Ahead

29. In 2016 the steering group was asked to develop plans for a switch in the hosting of the service, on the assumption that the existing delegation of powers to a joint committee remained in place as now.

30. The review process in 2016 did not allow for a thorough examination of the benefits to be achieved and as a result the review did not allow for a cost benefit analysis to be taken into account. In a future review this would assist in measuring the value of any transition costs. It is therefore recommended that the decision on hosting should be taken in the light of future ambitions for the shared service; these should be identified as part of the process for updating the strategic plan between now and March 2018.

31. The Joint Museums Committee is therefore asked to consider whether it wants to recommend the reinstatement of the hosting proposal and, if so, to confirm or amend the principles from last year as set out in paragraph 7.

32. The Committee is also asked to approve a recruitment process be commenced to secure an internal secondment to the post of Museums General Manager. This would be on a temporary basis until the 31 March 2018, with appropriate backfill arrangements funded from the existing establishment budget. Expressions of interest would be sought following this meeting, with a view to making an appointment in July to ensure a seamless handover.

Contact Points

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Supporting Information

- Appendix - Museums Worcestershire – delegations and decisions 2010-17

Background Papers

In the opinion of the proper officer (in this case the Museums General Manager) the following are the background papers relating to the subject matter of this report:

Agenda papers and Minutes of the Joint Museums Committee on 9 March 2016 and 14 September 2016