

**JOINT MUSEUMS COMMITTEE  
14 SEPTEMBER 2016**

**SHARED SERVICE HOSTING – PROGRESS REPORT**

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**Recommendation**

**1. The Museums General Manager recommends that the impact of a shortfall in the budget available to implement a change in the hosting of the shared service be considered.**

**Background**

2. In March 2016 the Joint 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). The tasks identified included the following:

- Prepare a revised 2016-17 (subject to timing) and 2017-18 budgets and the partners to agree a baseline % contribution
- Agree any variations to the current partnership agreement including the treatment of future budget reduction plans
- Determine the current contractual requirements in relation to grant aid and other external funding
- Assess the impact of hosting changes on VAT and the cultural exemption position
- Agree the recharges for hosting the support services
- Establish any workforce implications including pensions
- Review the treatment of property budgets
- Identify the transitional funding required to complete the switch in hosting e.g. IT requirements.

3. Since March a steering group has been established and formal project management arrangements have been set up, including a project board of senior managers to provide oversight. The steering group have 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.

4. The financial arrangements in relation to Hartlebury operational budgets are dictated by the new partnership arrangements with Hartlebury Castle Preservation Trust. This will alter the share of funding provided to the shared service.

5. A decision to proceed with the transfer of hosting to Worcester City Council has not yet been made and therefore a report to the Cabinets of both Councils will be required once the preparatory work has been done.

6. A key financial issue has emerged from the discussions of the project steering group. The County Council require the delivery of the project to be fully cost neutral, in relation both to one off spending and ongoing revenue commitments. Although the full financial appraisal has yet to be completed, implementing the change will attract significant one-off costs in relation to IT (estimate - £15K) and an annual revenue shortfall in relation to hosting charges in the region of £30K.

7. Members of the Joint Committee are requested to note the impact of this financial shortfall on the project and consider how best to proceed.

## **Contact Points**

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## **Background Papers**

In the opinion of the proper officer (in this case the Museums General Manager) there following are no background papers relating to the subject matter of this report.