

JOINT MUSEUMS COMMITTEE 22 SEPTEMBER 2017

MUSEUMS JOINT SERVICE HOSTING

Recommendation

1. The Museums General Manager recommends that:
 - a) the process and timescale for a decision on whether to switch hosting of the Joint Museums Service (Museums Worcestershire) from Worcestershire County Council to Worcester City Council be agreed as set out in paragraph 15;
 - b) the progress to date on costs and implications be noted, and a final business plan report be commissioned, funded by Worcestershire County Council as set out in paragraphs 13 and 14;
 - c) Worcester City Council be recommended to release transformation funding to commission the necessary external advice to complete the business plan report; as set out in paragraphs 13 and 14 and
 - d) an additional meeting of the Joint Committee be scheduled in early January to receive the final report and decide whether to recommend the 2 councils to proceed with the switch in hosting.

Background

2. The Joint Museums Committee first considered a review of the hosting arrangements at a members' workshop in October 2015. The investigation work on this proposal was paused in 2016 when the one-off transition costs and annual revenue implication for the County Council in the event of a switch was identified.
3. The Joint Museums Committee resolved at its last meeting that *'the proposal to reinstate the proposal to switch the hosting of the shared service be agreed subject to the deletion of the principle that the work would be achieved on a cost neutral basis'*. Thorough examination of the immediate and long-term costs and benefits was still required to inform any recommendation made to the Joint Museums Committee for a switch.
4. The following previously agreed principles continued to guide the work:
 - 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

5. The drivers for the switch remain the same as those agreed at the members workshop in October 2015 (23 Nov 2015 Joint Museums Committee – Minute no.256 refers). In summary, the City Council has the most assets in the shared service, and is committed to increasing its focus on History and Heritage as part of the overall tourism offer, boosting economic development. There is a desire to integrate Heritage and Economic functions more closely.

The Joint Committee governance model

6. Museums Worcestershire is governed by a Joint Committee under Section 101 of the Local Government Act 1972. It was established in 2010 after a detailed and independent examination of alternative forms of governance. At this point the County Council was chosen as the host authority principally because of the respective capacity of the two authorities' support services and to protect VAT cultural exemption benefits.

7. The successes of the Joint Museums Service since 2010 include delivering significant savings required by both authorities, increasing grant aid and voluntary income from £3k to £235k in three years, working with Hartlebury Castle Preservation Trust to secure HLF funding, relaunching The Commandery as a lead partner in developing City-wide recognition for Civil War heritage and much more. Success has been achieved through a combination of economies of scale, shared expertise and the ability to lever in funds and raise the profile due to the size and ambition of being a larger organisation able to exploit the Museums Worcestershire brand.

8. There is no proposal to change the Joint Committee governance model of Museums Worcestershire.

Exploring the implications of a switch in hosting from Worcestershire County Council to Worcester City Council

9. In September 2017, Worcestershire County Council engaged a project consultant, Debbie Birch, to assist the transition as Iain Rutherford retired as Museums General Manager and Philippa Tinsley was seconded into the role. It is proposed that Debbie Birch continue as consultant to oversee the business plan report, funded by Worcestershire County Council on behalf of the Joint Museums Service.

10. Production of this report, which identifies the current known costs and implications, will be followed by re-establishment of the steering group (HR, Legal, Finance, IT) to ensure full assessment of the implications of a switch, and that a programme of change can be put in place to carry out the practicalities of a switch should this be agreed.

11. Worcester City Council proposes to oversee the next stage of work through its transformation project, led by David Sutton, Deputy Director - Commissioning & Transformation, whilst the lead officer in Worcestershire County Council will be Hannah Needham, Assistant Director for Families, Communities and Partnerships.

12. In order for the Joint Committee to visualise Worcester City Council as host, **Appendix A** provides an overview of the scope of what's included in transfer, an outline of functions, and the costs of a central team and venues, now and as proposed.

13. The table In **Appendix B** details the known costs and implications of a switch in hosting, and the work that remains to be done to establish full costs and effects.

14. By agreeing to the recommendation to proceed with the full investigations, initial cost to Worcester City Council would be up to £12,000 and to Worcestershire County Council up to £5,000. If, after full costs are identified, the decision is taken not to proceed, no more costs would be incurred.

15. Process And Timescale:

Date	Action	Communications
22 Sept 2017	JMC asked to approve recommendations of this report.	Staff of Museums Worcestershire and Trustees of Hartlebury Castle Preservation Trust are kept abreast of recommendations made and decisions reached Joint Museums Committee receive a progress update at the November meeting.
	IF RECOMMENDATIONS ARE APPROVED:	
25 Sept 2017	Forward Plan entries are made for February 2018 decisions for both authorities	
25 Sept 2017	Working group established to inform full costs and implications report	
24 Oct 2017	City Communities Committee recommended to release transformation funding to pay for costed reports	
8 Dec 2017	Reports and investigations are completed. Results are included in a full business plan report	
early Jan 2018	JMC meet and, on basis of full report, decide whether to recommend switch of hosting to Cabinet (County Council) and to Communities Committee (City Council)	
	IF SWITCH IS RECOMMENDED BY JOINT MUSEUMS COMMITTEE:	
23 Jan 2018	City Council Communities Committee meet - asked to recommend switch to City Council	
8 Feb 2018	County Council Cabinet meet to decide on switch of hosting	
20 Feb 2018	City Council Meeting to decide on switch of hosting	
	IF SWITCH IS AGREED BY BOTH AUTHORITIES:	
21 Feb 2018	Practical steps to ensure a smooth transition, including TUPE consultation, systems transfer, new legal agreements	
1 July 2018	Transfer of hosting takes place.	

Supporting Information

Appendix A - Summary of functions and costs of service current and proposed

Appendix B – Known costs and implications report

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

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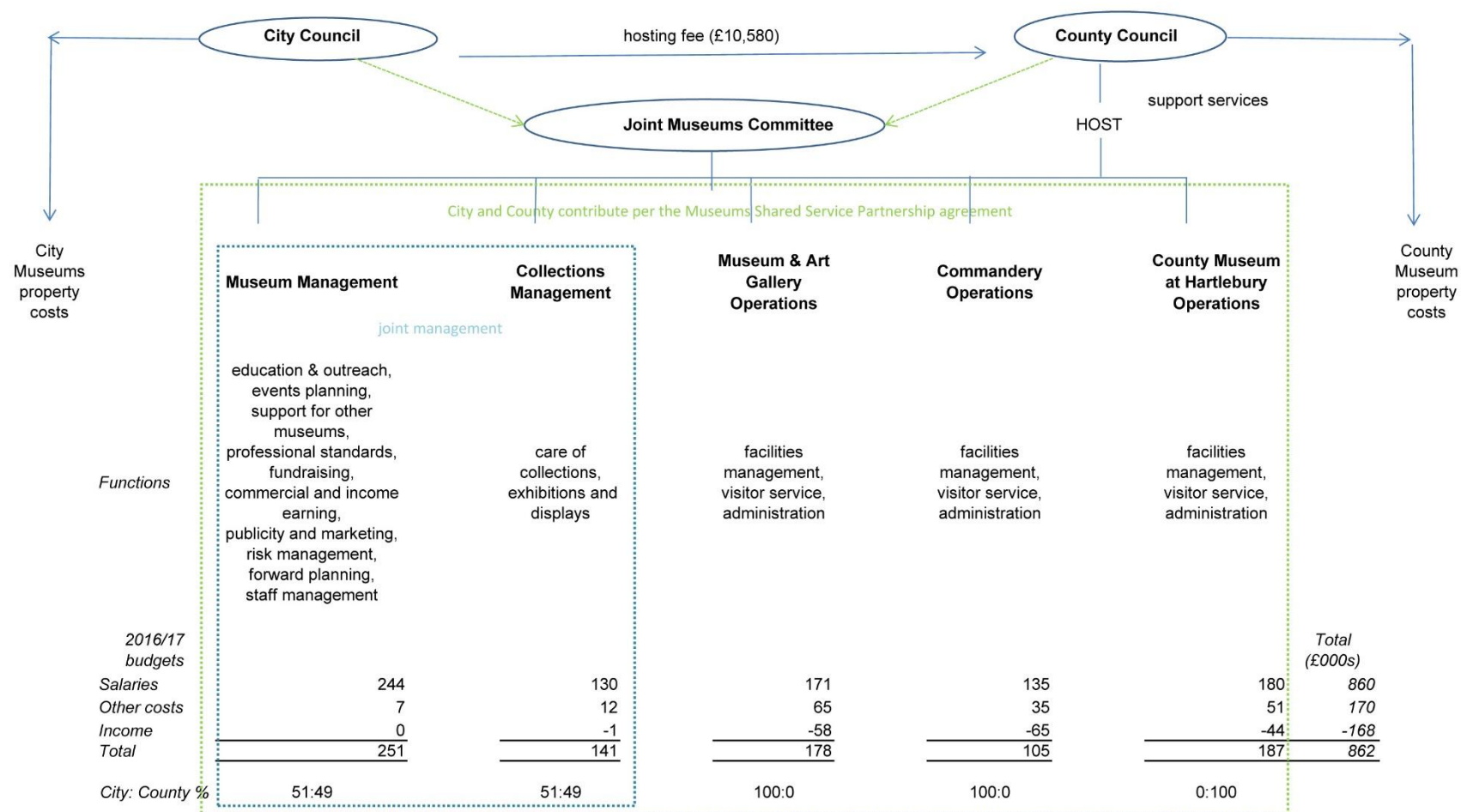
Background Papers

In the opinion of the Museums General Manager the following are the background papers relating to the subject matter of this report:

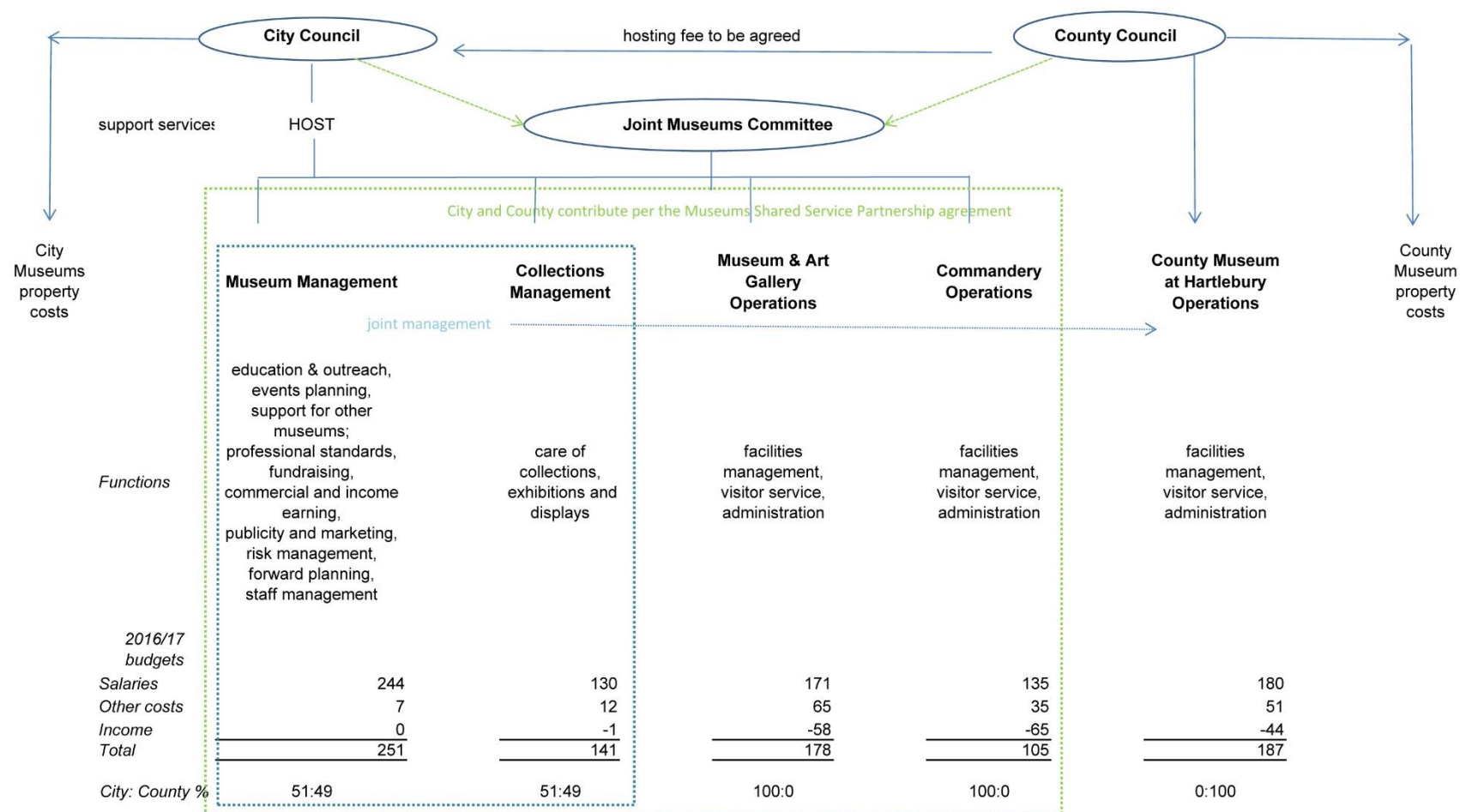
Business plan for Joint Service, 2009

APPENDIX A

CURRENT MUSEUMS WORCESTERSHIRE GOVERNANCE



PROPOSED MUSEUMS WORCESTERSHIRE GOVERNANCE



AGENDA ITEM 4

APPENDIX B

Known costs and implications

Key Issue	Switch hosting to City	Leave hosting with County	Next Steps
One-off costs of transfer			
Due diligence investigations of the transfer implications	<p>VAT advice – up to £5,000</p> <p>Mercer pensions report – up to £2,000</p> <p>Pensions advice – up to £5,000</p> <p>Business plan review and report – up to £5,000 plus salaried staff time within both authorities to develop the work</p>	<p>Some VAT advice still worth taking due to recent legislative changes that would benefit the JMS</p> <p>n/a</p> <p>n/a</p> <p>n/a</p>	<p>Worcester City Council Communities Committee recommended to release funds</p> <p>City Council to commission VAT and pensions advice on behalf of Joint Committee</p> <p>County Council to commission project manager to develop business plan on behalf of Joint Committee.</p> <p>Joint officer steering groups meet to continue detailed investigation</p>
Transfer costs	IT transfer including hardware/software/cabling - £13,000	n/a	City Council to commission IT transfer work if switch in hosting agreed
Ongoing revenue implications			
Hosting charge	The hosting charge currently levied by County Council to	This is currently set at £10,850 from City Council to County	Review actual costs of hosting and impact on support staffing

Key Issue	Switch hosting to City	Leave hosting with County	Next Steps
<p><i>Support costs for Museums Worcestershire and the Joint Museums Committee</i></p>	<p>City Council is £10,580.</p> <p>This was the amount agreed in 2010 and no provision for inflation was included.</p> <p>Should hosting change, the County Council would lose this income and be asked to pay an amount to the City Council for hosting.</p>	<p>Council, without inflation provision.</p>	<p>for each authority.</p> <p>Steering group to discuss any alternative options or approaches to minimise negative impact.</p> <p>Steering group to propose a hosting charge for next five years and this proposal be included in the business plan.</p>
<p>VAT cultural exemption</p> <p><i>The County Council claims a cultural exemption, meaning no VAT is charged on admissions to the County Museum at Hartlebury Castle.</i></p>	<p>Loss of VAT cultural exemption on County Museum admission fees would mean a loss of £17,458 for 2018/19 based on predicted admissions; a figure that would rise each year.</p> <p>It is recommended that the County Museum operations team remains run by the County Council so as not to impact negatively on the VAT benefit.</p> <p>With the City Council as host and employer, it is unlikely that cultural exemption could extend to the Commandery or to exhibitions, which might otherwise be a potential saving. This needs expert analysis.</p>	<p>VAT benefit for the County Museum remains the same.</p> <p>There is the additional possibility that, as part of a County Council hosted service, the Commandery and Museum & Art Gallery may be able to claim some VAT cultural exemption. This needs expert analysis.</p>	<p>City Council to commission VAT advice on behalf of the Joint Museums Committee.</p> <p>Advice to be incorporated into business plan.</p>

Key Issue	Switch hosting to City	Leave hosting with County	Next Steps
<p>Pensions</p> <p><i>The Joint Museums Service operates as a separate LGPS body.</i></p>	<p>Specialist advice is needed to establish if the proposed change in hosting brings any additional cost, if an additional ring-fencing of County Museum staff will impact contributions and if a different pensions structure would be more advantageous.</p>	<p>Pensions position remains the same.</p> <p>An alternative pensions structure could be investigated regardless of hosting switch decision in order to protect the joint service from significant changes in contribution requirements.</p>	<p>Although expertise exists within the County Council, independent advice may be required.</p> <p>Internal advice to be sought, with option for the City Council to commission advice on behalf of the Joint Museums Committee.</p> <p>Advice to be incorporated into business plan.</p>
Contractual and Partnership Agreement Implications			
<p>TUPE</p> <p><i>Transfer of staff</i></p>	<p>Staff (excluding County Museum operations staff) would be TUPE transferred from Worcestershire County Council to Worcester City Council.</p> <p>Terms and conditions would change for staff due to differences between the authorities. Due to legacy arrangements, a mixture of terms and conditions already exist for a number of staff and so this transfer process would need considered HR input.</p>	<p>Staff would remain on the Worcestershire County Council terms and conditions (plus any legacy conditions that already exist)</p>	<p>Steering group HR leads to review all legacy and current arrangements for T&Cs</p>

Key Issue	Switch hosting to City	Leave hosting with County	Next Steps
<p>Museums General Manager</p> <p><i>Seconded into role until 31/3/2018</i></p>	<p>City Council to propose an approach to the management of Museums Worcestershire, to be agreed with the County Council before recommendation to the Joint Museums Committee</p>	<p>County Council to propose an approach to the management of Museums Worcestershire, to be agreed with the City Council before recommendation to the Joint Museums Committee</p>	<p>It is recommended that, if a switch to hosting is agreed, that the secondment be extended until 31/8/2018 to oversee the process to completion.</p>
<p>Worcestershire County Council's partnership with Hartlebury Castle Preservation Trust</p> <p><i>Funding and Management agreements exist between Worcestershire County Council and Hartlebury Castle Preservation Trust which support the Trust's Heritage Lottery project to redevelop Hartlebury Castle</i></p>	<p>It is recommended that, if the City Council becomes the host authority, the County Museum operations staff remain employed by the County Council and that venue-specific budgets remain administered by the County Council.</p>	<p>No impact on the relationship between the County Council and HCPT.</p>	<p>Development of SLA between the JMS and the County Council to determine issues such as cross-cutting functions and strategic management.</p> <p>HCPT should be kept abreast of recommendations and decisions reached, in the event of a JMS switch of host, even if County Museum staff remain County Council employees.</p>
<p>Legal agreements</p>	<p>Internal legal advice is needed to ensure there are no legal barriers to Worcester City Council taking on the hosting role.</p> <p>The proposal to leave County Museum operations staff at the County Council and the relationship between both</p>	<p>It is recommended that the Joint Museums 2010 Agreement be reviewed and updated to maximise commissioning opportunities even if hosting does not switch.</p>	<p>Legal representation required on the working group to ensure all issues covered.</p> <p>Steering group to review and revise Joint Museums agreement to increase clarity on what the JMS provides for each authority for its contribution.</p>

Key Issue	Switch hosting to City	Leave hosting with County	Next Steps
	authorities and HCPT also needs legal advice to ensure nothing has been missed.		