

Overview & Scrutiny Committee



SCRUTINY PANEL Museum Trust (Pre-Decision Scrutiny)

August 2016



NORTHAMPTON
BOROUGH COUNCIL

Foreword

The objective of this Scrutiny Panel was to undertake pre-decision Scrutiny - Scrutiny of the establishment of the Museum Trust to ensure the best outcome for the future of the Museum Service and Cultural Quarter.

The purpose of the meetings was to:

- Help non-Executives understand the process of establishing a Museum Trust and the legal framework around the establishment of a Museum Trust.
- Enable non-Executives to meaningfully challenge the rigour and robustness of the process.

The Scrutiny Panel was made up of Members of the Overview and Scrutiny Committee: myself (Chair of the Scrutiny Panel) and Councillor Sally Beardsworth (Deputy Chair); Councillors Jane Birch, Arthur McCutcheon, Samuel Shaw and Brian Sargeant.

The pre-decision scrutiny activity was a focussed piece of work that linked to the Council's corporate priorities and examined a range of information. The Scrutiny Panel looked at what the needs for the provision of Museums were within the Borough of Northampton and the need for a Museum Trust for Northampton. Baseline information was received.

This short sharp Scrutiny pre-decision activity took place between May 2016 and July 2016.

Recommendations are contained within the report.



Councillor Jamie Lane
Chair, Scrutiny Panel 2, Museum Trust (Pre Decision Scrutiny)

Acknowledgements to all those who took part in the Review: -

- Councillors Sally Beardsworth, Jane Birch, Arthur McCutcheon, Samuel Shaw and Brian Sargeant who sat with me on this Review
- Julie Seddon, Director for Customers and Communities, Nick Gordon, Cultural Services Manager, for their support to this Review

NORTHAMPTON BOROUGH COUNCIL

Overview and Scrutiny

Report of Scrutiny Panel 2 – Pre-decision Scrutiny – Museum Trust

1 Purpose

- 1.1 The purpose of the Scrutiny Panel was to undertake pre-decision Scrutiny - Scrutiny of the establishment of the Museum Trust to ensure the best outcome for the future of the Museum Service and Cultural Quarter. A copy of the Scope of the Review is attached at Appendix A.
- 1.2 The purpose of this report is to notify Cabinet on the outcome of the work undertaken by the Scrutiny Panel that undertook the above pre-decision work in response to the decision by Cabinet to consider Trust Status for Northampton's Museums.

2 Context and Background

- 2.1 The Cabinet Member with responsibility for Museums had advised the Overview and Scrutiny Work Programming event in March 2016 that work was underway regarding investigating the feasibility and benefits of establishing a Museum Trust. The Overview and Scrutiny Committee agreed to include a review of Museum Trust (Pre-decision Scrutiny) in its Work Programme 2016/2017 and commissioned Scrutiny Panel 2 to undertake the review. A short, sharp review commenced in May 2016 and concluded in July 2016.
- 2.2 This review links to the Council's corporate priorities, particularly corporate priority 1 – Northampton Alive - A vibrant town for now and the future.
- 2.3 Membership of the Scrutiny Panel comprised Councillor Jamie Lane (Chair); Councillor Sally Beardsworth (Deputy Chair); Councillors Jane Birch, Arthur McCutcheon, Samuel Shaw and Brian Sargeant.
- 2.4 The Scrutiny Panel established that the following needed to be investigated and linked to the realisation of the Council's corporate priorities:

Background data, including:

- Presentation to set the scene
- Relevant Legislation
- Relevant data

2.5 A series of meetings were held that provided key information to the Scrutiny Panel.

2.6 The purpose of the meetings was to:

- Help non-Executives understand the process of establishing a Museum Trust and the legal framework around the establishment of a Museum Trust.
- Enable non-Executives to meaningfully challenge the rigour and robustness of the proposed process

3 Conclusions and Key Findings

3.1 The findings from this pre-decision Scrutiny activity are detailed at Appendix B and are presented in the form of a comprehensive set of questions and answers.

4 Recommendations

4.1 The purpose of the Scrutiny Panel was to undertake pre-decision Scrutiny - Scrutiny of the feasibility of establishing a Museum Trust to ensure the best outcome for the future of the Museum Service and Cultural Quarter. Scrutiny Panel 2 therefore recommends to Cabinet that:

4.1.1 Cabinet considers the findings of the Scrutiny Panel, attached at Appendix B.

- 4.1.2 Cabinet notes that the Overview and Scrutiny Committee is satisfied that further investigation into the establishment of a Museum Trust including a full options appraisal will ensure the best outcome for the future of the Museum Service and Cultural Quarter.
- 4.1.3 Cabinet notes that the Overview and Scrutiny Committee is satisfied that the commissioning of detailed planning including a full business plan and a 5 – 10 year financial plan should be undertaken to establish a Museum Trust.
- 4.1.4 Cabinet notes that the Overview and Scrutiny Committee supports the hybrid model of a Museum Trust. (A hybrid is where responsibility is devolved to a trust but assets are retained by the Council)
- 4.1.5 Officers present three monthly updates on the process to establish a Museum Trust to the Overview and Scrutiny Committee.

Overview and Scrutiny Committee

- 4.1.6 The Overview and Scrutiny Committee, as part of its monitoring regime, reviews the outcome of the feasibility report, and should the museum move to trust status that the Committee also monitor the impact on the Museum Trust after it has been in existence for six months.
- 4.1.7 If there is the need, the Overview and Scrutiny Committee undertakes a further piece of Scrutiny activity at the appropriate stage in the process.

Appendices



Appendix A

OVERVIEW AND SCRUTINY

SCRUTINY PANEL 2 – MUSEUM TRUST (PRE-DECISION SCRUTINY)

1. Purpose/Objectives of the Pre-Decision Scrutiny Activity

Pre-decision Scrutiny - Scrutiny of the establishment of the Museum Trust to ensure the best outcome for the future of the Museum Service and Cultural Quarter.

The purpose of the meetings is to:

- Help non-Executives understand the process of establishing a Museum Trust and the legal framework around the establishment of a Museum Trust.
- Enable non-Executives to meaningfully challenge the rigour and robustness of the process.

2. Outcomes Required

- To provide Scrutiny input, at the pre-decision stage, of the establishment of a Museum Trust

3. Information Required

- Background data
- Background reports
- Best practice data
- Evidence from expert internal witnesses
- Evidence from expert external witnesses (if applicable)
- Site visits (if applicable)

4. Format of Information

- Background data, including:
 - Presentation to set the scene
 - Relevant Legislation
 - Relevant data

5. Methods Used to Gather Information

- Minutes of meetings
- Desktop research
- Officer reports
- Presentations

6. Co-Options to the Pre-Decision Scrutiny Activity

No co-optees suggested for this pre-decision Scrutiny activity

7. Community Impact Screening Assessment

- A Community Impact Screening Assessment to be undertaken on the scope of the Pre-Decision Scrutiny activity

8. Evidence gathering Timetable

May 2016 – September 2016

- 23 May 2016 - Scoping meeting
- 20 June - Evidence gathering
- 14 July - Evidence gathering
- 15 September - Evidence gathering/Scrutiny comments

Meetings to commence at 6.00 pm

9. Responsible Officers

Lead Officers Julie Seddon, Director of Customers and Communities and Nick Gordon, Cultural Services Manager, following initial scoping meeting

Co-ordinator Tracy Tiff, Scrutiny Officer

10. Resources and Budgets

Julie Seddon, Director of Customers and Communities and Nick Gordon, Cultural Services Manager, following initial scoping meeting, to provide internal advice.

11. Final report presented by:

Completed by September 2016. Presented by the Chair of the Scrutiny Panel to the Overview and Scrutiny Committee and then to Cabinet.

12. Monitoring procedure:

Review the impact of the report after six months

Scrutiny Panel 2 (Museum Trust – Pre-Decision Scrutiny)

QUESTIONS TO THE CULTURAL SERVICES MANAGER IN RELATION TO CONSIDERING TRUST STATUS

Business Case

Why have we decided to consider trust status for the museum service?

Council faces major financial challenges over the coming years. The renovation and expansion of Northampton Museum and Art Gallery Museum coupled with ongoing financial challenges mean the service faces considerable challenges over the short, medium and long term.

In considering options for the museum service the trust option presents an efficient, effective and proven model that delivers a relatively specialised service area within the council. In considering different options the trust model enables the museum service to focus on its core business outside of the wider corporate environment of the local council, but still meet the needs and requirements of all of our diverse communities and stakeholders.

The main reasons to consider trust status are:

- Secure a sustainable future for the service
- Single focused body
- Able to control own destiny
- Customer first – improved quality of service
- Achieve freedom to operate in an entrepreneurial manner – more focused and commercial
- Speed of decision making
- Ensure continuous improvement in the service
- Encourage effective partnership working
- Reach new audiences
- Flexible and agile/more freedom from local and national government and to operate with fewer restrictions.
- Trust status would be viewed as a positive step in terms of reputational issues from the wider museums, arts and heritage sector

What measures would be in place to safeguard the collections within the Museums?

Where museum services have devolved to trust status they have been one of two types, full or hybrid. A full devolution is where the museum service is transferred as a going concern with all its assets, i.e. buildings and collections. A hybrid is where responsibility is devolved to a trust but assets are retained by the council. The Hybrid Trust option is the preferred option. The Council would retain ownership of the buildings and collections. The Trust would therefore run a service for the Council but would be independent of the Council. Should the trust fail, there are then no issues with ownership of assets.

What is covered within the project scope?

The project scope covers the elements which constitute the museum service. This comprises:

- Buildings – Northampton Museum and Art Gallery (including the Gaol block); Abington Park Museum

- Museum collections - includes Yeomanry and Regimental Collections
- Offsite collection storage facilities at the Guildhall and Blackthorn Units

The Museum of Leathercraft (MoL) exists as an independent trust in its own right and is not part of the core museum service. The council is currently in a 50 year agreement it entered into in 1977, which still has 11 years to run. The MoL collections are not seen as core to the museum service, with only small elements relating to the shoe collections and leather industry in Northampton having of any significance to the core museum collections. The collection is in the process of being moved to a new site in the Grosvenor Centre as the MoL is trying to establish itself as a distinct museum. The future of the Museum of Leathercraft and its collections under the terms of the agreement will need resolving but they are not considered part of the core museum collections.

How do we know that investing in a trust option is the right thing to do?

Trust status has proven a successful option for many small, medium and large museum services.

What are the anticipated project outcomes?

A feasibility report which will set out the principles, viability, advantages and disadvantages of trust status and an options assessment comparing the trust option with the Do Nothing (status quo) option.

- Principles for establishing a trust to take forward the museum service
- Viability
- Portfolio for transfer
- Any legal, financial and operational problems
- Options Assessment
- Recommendation for the legal structure of the proposed trust including governance arrangements.
- Stakeholder Management Strategy & Plan

Project Management

Who is managing the project?

The work is being undertaken by Nick Gordon, the Cultural Services Manager, with support from an external consultant, Hilary McGowan. Hilary is acting as a mentor, assisting in facilitating the feasibility work and acting as an external voice and independent challenge to the work being carried out. Hilary has extensive experience in working with museums and other cultural services in considering and facilitating moves to trust status.

Which service areas have provided internal service expertise?

Work on specific areas of the feasibility study is being carried out by council Finance, HR and Legal teams respectively.

What project management methodology has been used to manage the project?

At this stage the project is researching and writing a feasibility report and no formal project management methodology is being used. Should the project move into the next phase of developing a museum trust, a formal project management structure will be set up using PRINCE 2. This methodology has been designed to ensure effective and robust project management within a local government environment and has a proven track record.

Options Assessment

Will trust status offer value for money?

A key aspect of a move to trust status is increasing value for money. Trust status enables the organisation to operate in a more dynamic and entrepreneurial way and thus deliver better value for money in the long-term. A key finding in the report 'Moving to Museum Trusts: Learning From Experience (2006)' was

Rarely is there a substantial financial saving to the devolving local authority, though most transfers take place from a low base, and better value for money is achieved.
(Babbidge et al, 2006)

Will it add value and in what way?

The Charitable trust model will enable the museum to maximise external funding opportunities not available to NBC and therefore retain the same or similar level of service at a lower cost.

In addition the tax status enables the realisation of fiscal benefits that increase the value of gifts by the public and relieve the charity of certain taxes. For example the Gift Aid scheme enables a charitable trust to reclaim the basic rate tax due on the amount of the gift, increasing the value of the gift to the trust.

Does it involve closures?

No, the trust proposal focuses on strengthening and developing the existing offer.

How well will it handle any current issues with the service?

The trust option enables the museum service to focus on being a museum. A key issue with the current service is that it is part of a much bigger organisation and is subsumed under the wider goals, agendas, messages and priorities of the council. A trust option will allow the service to focus on being a museum and deliver on agreed objectives but with greater freedom and latitude as to how it achieves this.

What types of new partnerships and relationships will be developed?

A key aspect of Trust status is the ability to develop new relationships with funders and sponsors and other partner organisations to deliver services, which are more difficult or not possible when part of a local authority. Create formal partnerships with other key players in the town and county, especially the universities, heritage and art and other strategic delivery and regulatory bodies and local commerce and industry. Again while possible as part of a local authority, these relationships are easier to develop and maintain as an independent organisation outside of the constraints of council policy and strategy.

The key new partnership will be with NBC and developing this new relationship should see real benefits for both partners.

What are the capital investment requirements and will it deliver capital investment?

Substantial capital investments are currently underway with the museum expansion and renovation project. This will only deliver Phase one of the capital development of what will be two phase project. A charitable trust would be able to engage in more effective sponsorship and fundraising campaigns with philanthropic individuals as well as approaching trusts and foundations not open to local authorities. Work on determining the exact value of the capital investment required for Phase 2 is underway and will be in place for the final report to cabinet.

Broader capital needs, e.g. dilapidation, are being worked on with the councils Assets team.

Will it deliver high quality customer services?

Yes, the move to trust status has led to improved customer service and quality of provision. The broader benefits accrued by trust status outlined in earlier answers, (more entrepreneurial approach, single focused body, increased speed of decision making) all contribute directly to improving the quality of service provision. The visitor and broader user experience will be at the core of any museum trust strategy

Is there evidence that this works elsewhere?

The museum service is benchmarking with a number of museum services that have already gone to trust status, Luton, Derby, Birmingham. There is a lack of any generally accepted criteria as to what constitutes a 'successful museum', but all of these services have indicated the move to trust status has been positive and beneficial overall. Luton Trust has recently expanded and taken on running of community centres from the council.

While not a direct museum comparator, the Northampton Leisure Trust has proven to be a major success, and there are many lessons that can be learnt from their experience.

Does it protect the service from ongoing budget reductions?

The trust option opens up new income generating possibilities and opportunities for greater efficiencies. While this will mitigate against any future budget reductions in the longer term, the museum is also doubling in size, which will lead to an increase in operating costs. Trust status is not a panacea and those museums which have been most successful when moving to trust status have been those with robust long term funding agreements with their Local Authority.

Does it offer opportunities for developing new and ongoing income streams?

Yes, moving to trust status offers many opportunities to develop existing income and new streams, particularly in areas of retail, events and corporate hire. The freedoms and flexibility of trust status makes out of hours events and activities more cost efficient and the ability to set up and run trading accounts for retail functions enables the trust to run in a more business-like manner.

Do all elements of the present service fit?

The core elements of the museum service as outlined in the scope fit within the proposed museum trust.

What would happen should a donation be made to the Museum?

All acquisitions (donations, purchases, bequests) made to the museum service while a trust would be accepted into the Northampton Borough Council collections, which the trust manages on the Council's behalf. During the accessioning process, the formal transfer of title would be to NBC, not the museum trust. Following the sale of Sekhemka when a number of potential donors expressed concern over the potential sale of objects they may wish to donate, a condition can be added to any transfer of title that should the council wish to dispose of the object, the ownership of the object reverts to the original owner.

Does it make sense for other service areas to be included in the transfer portfolio?

The consideration for part or all of Abington Park to be included in the trust deliberations was raised at the initial Scrutiny committee by members of the public and a proposal on this had presented to the leader of the council for consideration by a number of residents of Abington.

At this stage the Feasibility Report is only considering the existing museum buildings and collections. There is precedent for museums and associated gardens/parkland being managed as one business unit. The Horniman Museum and Gardens in London, Compton Verney Gallery in Warwickshire are two examples, with English Heritage and National Trust properties operating under similar aegis.

Inclusion of all or part of Abington Park within a trust would potentially provide similar benefits to the park as would accrue to the museum, the potential to open up new funding opportunities, develop new income streams and engender greater community involvement from local residents. The inclusion could also create a more joined up and cohesive offer for the museum and park as a whole.

Is there maintenance work to be done on the Abington Museum?

It is a Grade 1 listed building. The roof was repaired three years ago. It will require continual upkeep and maintenance. Full Building surveys have been carried out and the condition is generally good for a building of its age. All buildings of this age are expensive to maintain.

How well does the trust option meet the vision for the service in the longer term?

The trust option enables the museum service to engage in longer term strategic planning. Trust status enables a greater sense of direction, freed from the wider corporate issues of local authorities, it gives the trust the ability to focus on developing their core business. The flexibilities and freedoms of being an independent body enable the trust to establish plans and policies appropriate to the need of current and potential audiences and users as well as taking account of stakeholders' needs and priorities, with NBC being one of the key stakeholders.

Is the model scalable and/or flexible?

Yes, but this depends on the wording of the articles of the charity. The trust model is scalable and flexible within the articles which define the charitable purpose of the organisation. Articles which tightly circumscribe the trusts purpose and operations reduce flexibility and scalability so careful consideration needs to be given to the drafting of the articles. For example articles which cover broad culture and heritage provision for Northampton and Northamptonshire would allow the trust to take on additional services or responsibilities over articles which gave a tighter sphere of activity only covering the two buildings and specific collections.

Will it help meet targets?

Yes. By being able to focus on targets appropriate to the core museum business. The results of social sector organizations are often best measured outside the organization in changed lives and changed conditions. Trust status enables a longer term view to be taken, particularly around achieving longer term qualitative targets. Trust status enables the museum to determine what its targets are and concentrate resources on achieving these results.

What are the revenue implications for the next five years?

Work is underway to build full and robust financial projections for the expanded museum service. As the museum is effectively doubling in size, with a concomitant increase in operating costs, it is likely that the service will require an uplift in funding, to then be tapered, as the new income streams for the service are developed. It will take 1 – 3 years to establish

the museum business and start fully realising income from new and expanded ventures and assistance with the funding gap will likely be required.

What funding would the Council provide?

Core funding from the Council would be provided. Core funding would taper off as the years went on. There would be a better tax status, gift in aid etc. New income streams would be investigated.

The Museum site is expanding considerably, what are the cost implications and how will this be paid for?

A feasibility study for the Expansion Project is being undertaken. Costs are estimated at £14 million. The work will be completed in two phases. Phase 1 commences in April 2017 and £6.5 million remaining from the sale of the Sekhemka Statue will be used for this. Phase 2 will concentrate on developing core exhibition spaces; sponsorship and fund raising strategies are being investigated.

What income streams are available to the Museums?

A number of unique income streams such as Weddings at the Abington Museum and corporate hire. An increase in retail operations, including a selling gallery for arts and crafts is included in the plan.

Are there any HR implications?

Discussions are in progress with HR. Based on the information to date, there are no perceived issues. Based on the information to date provided to HR, there are no perceived issues. Any staff who transfer would be covered by TUPE. An application would need to be requested in terms of Pension arrangements for Admitted Bodily Status, which is the process followed for these types of business set ups.

Are the present operational budgets sufficient?

With the museum expansion operating costs will increase. The funding gap will be closed by increased income generation at the two museum sites as per the previous question.

Will other council services be affected?

The museum service does not have any direct relationship with any other council services beyond the core support services, procurement, HR, legal etc. Support costs for these services would need to transfer to the museum trust and may have a small impact on the support services. Work is underway to look at support service costs and any impact trust status may have.