

APPENDIX O

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 29 JUNE 2010

Title:

**A REVIEW OF THE MANAGEMENT AND FUTURE OF THE
MUSEUM OF FARNHAM**

**[Portfolio Holder: Cllr Roger Steel]
[Wards Affected: All Farnham Wards]**

Summary and purpose:

As part of the budget review process for the 2009/10 financial year, it was agreed to reduce the current financial support of the Museum of Farnham, improve operational efficiency and bring consistency to the way Waverley supports museums across the Borough.

How this report relates to the Council's Corporate Priorities:

The provision of museum facilities is an integral part of the Council's agreed strategy for the provision of cultural services and resonates with the corporate priority of leisure in that access is free. The provision of facilities for those with limited access aligns with the priority of improving lives and the review itself may contribute to our priority of securing value for money. The environment priority is relevant both in relation to the fabric of this Grade I listed building and the high quality garden in which it sits.

Equality and Diversity Implications:

Disability access facilities are provided-for at the Museum and a virtual tour is provided on the ground floor. Interpretation methodologies ensure a wide spectrum of learning capabilities is catered-for and free access ensures that financial challenge is not a barrier to visiting.

Resource/Value for Money implications:

The purpose of the report is to improve the efficiency of the operation of the museum, reduce the costs to the Council and operate it in a similar way to other museums in Waverley.

Legal Implications:

The mechanism and issues to consider for the setting up of a Charitable Trust for the Museum are set out in sections 7 to 11 of this report.

The Public Libraries and Museums Act 1964 gives local authorities wide powers in relation to the operation of museums and galleries. The 1964 Act provisions have been the legal foundations on which other local authorities have based similar proposals to establish museum trusts.

Introduction

1. In considering the detailed review of the 2010/11 General Fund Revenue Budget, attention was paid to the significant revenue costs associated with the direct management of the Museum of Farnham. Whereas it was resolved to allow the historic-based budget for the operation of this Museum to continue in the financial year 2010/11, with the inclusion of a £20,000 savings target, it was also agreed that the opportunity would be taken to review the future management of the Museum. The report seeks to verify the procedures that will need to be followed to move the management from Waverley to a Charitable Trust status. In so doing it builds on the advice received from Léonie Cowen and Associates, which was previously used in a review of options considered by the Council in 2001. The earlier review from 2001 was a Best Value Fundamental Service Review into Waverley Museums.

Need For The Review

2. Issues concerning the management of the Museum of Farnham have been discussed on a number of occasions in recent years and a range of reports have been considered by the Council at different times, the most recent being the 2001 review. It is the only museum directly managed by the Council and it receives a higher level of financial support from the Council than the other three main museums within the Borough, i.e. Godalming, Haslemere, and the Museum of Rural Life. All of these are primarily supported by donations, endowments and earned income.
3. The repeat concern expressed by Members is the total net cost of Farnham Museum to Waverley, estimated to be £231,380 in the 2010/11 financial year. This significant amount of money causes consideration of the opportunity costs incurred in its expenditure. However, regard has to be had that many of the components of this budget are central costs, which would not necessarily disappear even if the Museum were not to exist.
4. The Council attempts to show the cost of its support for non-Waverley run Museums under the heading of Grant-Aided Museums within its annual budget. For 2010/11 the total figure shown is just over £77,000, of which £42,000 represents the grant to Godalming Museum including provision of the Curator. The figure of £77,000 includes an estimate of the normal level of support in terms of liaison and advice from Waverley staff.

The Museum

5. The Museum of Farnham opened in 1961 and was transferred to Waverley from Farnham UDC, as part of the local government re-organisation in 1974. Entry is free for members of the public. Schools pay a small fee for

educational services. The number of visitors has gradually increased and is now some 25,000 per year including those participating in outreach visits. The increasing number of visitors has increased income earned from retailing and publications.

6. With the opening of the largely Heritage Lottery funded Garden Gallery in 2009 the museum has an opportunity to greatly increase visitor numbers and income further in the future.

Proposed Future For Museum of Farnham

7. Within Waverley, the Museum of Farnham is the only one to be directly managed by the Council and it receives a considerably higher level of financial support. The desired approach is to reduce the operational costs and move the Museum to a Charitable Trust status similar to that operated at Godalming Museum.

8. Waverley would transfer the day to day running of the museum. Under this arrangement, the Trust act as an independent incorporated trust limited by a guarantee, under the following guidelines:

- Professionally manage the Museum
- It has a lease of the Museum building from Waverley Borough Council;
- It maintains the building open to visitors, in accordance with the provisions of a Management Agreement, by assuming responsibility for operational matters including volunteers and fundraising.

9. The Council would be likely to continue to be responsible for:

- The key staff (Curator & Assistant. Curator, Education Officer & Volunteer Coordinator)
- The collection, its ownership and arranging insurance;
- The provision of grants and funds for specific purposes; and
- The freehold of the Museum building, including its external repair and maintenance and arranging insurance.

10. Advantages

- The Council enters into a public private partnership.
- Private sector acumen will be available through the Trustees and a management committee.
- The independence of the Trust from the local authority makes the Museum more likely to receive donations and be able to take up other funding opportunities.
- The Trust will not be liable to pay NNDR in respect of the building.
- Risks of operating the Museum are transferred to the Trust under the Management Arrangement.
- Internal maintenance responsibilities in respect of the building are outsourced.

- The Council continues to own the bulk of the Museum collection which overcomes the potential problems associated with disposal/transfer to another organisation.
- The Council retains a close relationship through the Management Agreement, the lease and the employment of key staff.
- Costs are shared between the Council and the Trust.
- The Curator, as a Council employee, is able to interface and call-down a range of useful disciplines.
- The Council would have greater uniformity in its approach to the provision of Museums in the Borough.
- The museum will be managed and run by the local Farnham residents creating greater ownership and support.

11. Disadvantages

- The Museum would no longer be within the Council's complete control.
- It must be anticipated that a new Trust will need support especially in the early years.
- Not all the decisions of the Trust regarding the operation of the Museum will fully align with the Council's policies and strategies.
- With the passage of time, Trusts become increasingly independent of Waverley.

Finance

12. The total net cost of the Museum of Farnham in 2010/11 is estimated to be £231,380. However, this does include asset charges of £68,920 that are charged to the service, but not a cost to the Council or the taxpayer. It also includes significant support costs that would not necessarily reduce with the transfer of the Museum to a Trust. The net direct costs are £112,480 after allowing for target savings of £20,000. Proposals for achieving this target were agreed earlier in the year and have now been implemented. If the Museum is transferred to a Trust further savings will be achieved, including NNDR of some £10,000 pa, and it is expected that additional income will be generated.
13. There is a need to establish the extent of the costs of putting the new arrangements in place as these are likely to be significant and the Executive will need to consider these as part of a further report.
14. There would not be a TUPE transfer nor any redundancy costs for staff who remain employed by the Council.

Probity Issues

15. The creation of the Trust gives the Museum independence from the Council and would remove the management of the service from some of the financial controls and regulations to which the Council is subject. However, the Trust would be subject to the requirements of the Charity Commission and, if incorporated, company law. The continued employment of the Curator provides a secondary check on the activities of the Trust and the Management Agreement provides security to the Council in the day-to-day operation of the Museum.

Collections

16. The security of the collections is assured under this arrangement because they continue to be owned and insured by the Council. Any new additions to the collection may be owned by the Trust. The Management Agreement deals with acquisition and disposal of items to the collection.

Timescales

17. A realistic objective would be to establish the Trust so that it is fully operational in three years time. This will allow time for the operational structure of volunteers to bed in and give clarity to the income that can be derived from the recently refurbished garden gallery.
18. Broadly:
2010/11 we recruit volunteer coordinator and volunteers reduce operational costs and focus hard on increasing income.
2011/12 appoints trustees, management board members and agree management protocol.
2012/13 manage the transfer and achieve independent charitable trust status

The timescale for change is deliberately planned to allow a smooth transition from Waverley ownership to Charitable Trust status.

Conclusion

19. It is believed that these changes in operational management will not only benefit Waverley financially, but by operating to Godalming Museum's proven model, management efficiency will improve and the local residents will welcome ownership. It is proposed that formal negotiations are opened up with the Portfolio Holder and perspectives of property, finance, legal and Museum's collections to establish potential Heads of Terms for a transfer and that the Executive considers a further report once these Heads of Terms have been negotiated.

Recommendation

That the Executive:

1. agree the timescales of management change;
2. authorise the Portfolio Holder for Leisure, Head of Leisure and a project team of officers to begin the process of change from Waverley ownership and management to a Trust status based on the principles of the Godalming Museum Agreement;
3. authorise the project team to explore the financial and legal requirements of such management change including set up costs and projected savings, and report back to the Executive on the costs of establishing the arrangements, proposed heads of terms and a delivery programme; and
4. authorise the project team to approach potential Trustees and Management Board members.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Kelvin Mills

Telephone: 01483 523432

E-mail: kelvin.mills@waverley.gov.uk