

# APPENDIX G

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 27 MARCH 2012

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### Title:

**PROPOSED PARTNERSHIP ARRANGEMENTS WITH FARNHAM MALTINGS**  
**[Portfolio Holders: Cllrs Julia Potts and David Munro]**  
**[Wards Affected: All]**

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### Summary and purpose:

This report summarises the Council's relationship with the Farnham Maltings in the following three areas:

1. Three year Service Level Agreement for the delivery of Farnham Maltings Outreach Programme;
2. The future of Farnham Maltings' Capital Projects; and
3. The management of the Museum of Farnham.

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

The provision of cultural facilities is an integral part of the Council's agreed cultural strategy, which resonates with the corporate priority of **leisure and lives**.

In bringing together the three areas of the Council's partnership with Farnham Maltings the Council aims to achieve a greater degree of clarity around the delivery of community outcomes and corporate priorities through these arrangements. The SLA will focus on the Community Outreach Programme and the museum management contract will provide an agreed period of time in which to develop a sustainable business model for the museum that will enable it to be less reliant on public funding in the future. The early closure of the capital programme will reduce the future funding risk to the Council.

### Equality and Diversity Implications:

The requirement to deliver cultural services in accordance with the demographic needs of the Borough will be monitored through a Service Level Agreement.

### Environment and Climate Change Implications:

There are no environment and climate change implications.

### Resource/Value for Money Implications:

In bringing together the Council's funding commitments in the SLA, the Capital Programme and the Management of the Museum of Farnham the Council aims to achieve a greater degree of transparency and clarity around the financial arrangements and delivery expectations over the next three years.

## **Legal Implications:**

The SLA is a three year legally binding document, which has been reviewed by the Council's Borough Solicitor. The Borough Solicitor is also advising on details of the Museum Management Contract.

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## **Background**

1. Over the past five years Waverley has formed a strong strategic relationship with Farnham Maltings as a deliverer of a wide range of cultural services across the Borough. Examples of this work include:
  - The coordination of a Youth Theatre Network across the Borough
  - The annual Youth Theatre Festival engaging socially excluded groups of young people in Cranleigh, Haslemere, Godalming and Farnham
  - Touring professional theatre to village hall settings across the Borough (Farnham, Wrecclesham, Haslemere, Thursley, Hambledon)
  - Providing leadership and partnership investment to other cultural organisations in the Borough, through the Cultural Leadership Programme and the Strategic Alliance with Cranleigh Arts Centre
  - Delivering community outreach programmes in priority areas such as, the Creative Communities project on the High Lane estate in Haslemere,
  - Making Surrey craft residency at the Sandy Lane Estate in Farnham
  - Youth filming projects at Ockford Ridge and Northbourne in Godalming
  - After School Art Clubs at the Chantry and Roman Way in Farnham

## **Service Level Agreement**

2. Meetings have been held with Farnham Maltings to discuss general content of any Service Level Agreement. A copy of the SLA is attached in Annexe 1.
3. The key purposes of the SLA are as follows:
  - to provide greater accountability for the funding given to Community The Maltings Outreach Programme to the Council
  - to ensure The Maltings are delivering outcomes that relate to the Council's corporate priorities
  - to demonstrate outcomes that The Maltings are delivering are providing value for money with robust performance measures in place. These measures will be reported back to the Council on a 6 monthly basis.
  - to give The Maltings and the Council the opportunity to budget and plan for the future
4. The Maltings' past performance and service delivery were considered when formulating the SLA. A summary of funding proposed for The Maltings for 2012/13 is detailed below. Indicative levels for the following 2 years have also been included within each SLA and are detailed below.

Organisation	2011/12 current level of funding	Proposed % reduction in funding	2012/13 proposed level of funding	2013/14 indicative level of funding	2014/15 indicative level of funding
Farnham Maltings	34,200	5%	£32,490	£32,490	£32,490

### **Farnham Maltings Capital Programme**

5. In late 2002, Waverley Borough Council made a financial commitment of £750,000 in matched funding on a 2:1 ratio so that Farnham Maltings could carry out essential restoration works to the building. Up until December 2011, Waverley has paid £479,848 to Farnham Maltings under this agreement. The Council has also agreed a sum of £35,000 in its Capital Programme for 2012/13 for the restoration of brickwork.
6. The Council has been in discussion with Farnham Maltings to bring this arrangement to a close and have therefore requested that they clarify their capital requirements for the next 2 years.
7. The Maltings have agreed to bring this capital arrangement to an early close but have proposed a change of the funding regime for 2013 to 2015 moving from a 2:1 ratio to a 1:1 ratio. This takes account of the fact that Farnham Maltings will have a much shorter period of time in which to raise the required match funding from other external sources.
8. There is a sum of £235,152 remaining in the ring fenced funding pot.

The options can be summarised as follows:

Capital requests	2013/14	
	2:1 ratio	1:1 ratio
Project		
Improvement to public amenities	£35,000	£52,500
	<b>2014/15</b>	
Project		
Environmental heating improvements	£40,000	£60,000
<b>Total Expenditure</b>	£75,000	£112,500
<b>Total Savings</b>	<b>£160,152</b>	<b>£122,652</b>

9. The Council need to decide which funding ratio to support, however both represent a positive resolution to an on-going unspecified funding commitment.

## **Management of the Museum of Farnham**

10. In the last five years the Council has made considerable progress in reducing the direct operating costs of the museum from £122,000p.a. to under £80,000. This has largely been achieved by replacing paid reception staff with volunteers and by increasing the income derived from the Garden Gallery facility.
11. In November 2010 external consultants were brought in to identify the key challenges facing the museum and make recommendations for its future improvement. The consultants concluded that the most appropriate model for delivering the museum services was to transfer to an existing organisation such as Farnham Maltings.
12. In July 2011 a Culture SIG was established to undertake further analysis of the consultants Report and recommendation. Following a robust appraisal of the options the Culture SIG agreed with the consultants that to transfer the museum to an existing organisation, namely Farnham Maltings, would be most beneficial for the future of the museum.
13. To take this recommendation forward, the Council and Farnham Maltings have negotiated a service specification for the provision of the museum service for a period of three years, from 1 April 2012. A copy of the specification is attached in Annexe 2.
14. Farnham Maltings will operate the museum in accordance with this specification at an annual net operating cost of £75,000 (inflated by CPI each year). They will operate on an open-book basis. Waverley will agree to underwrite unavoidable increases in operating costs above the CPI level based on those in the Council's 2012/13 budget estimates. Any income generation above the £22,000 estimated in Waverley's budget will be shared 50:50 between the two parties. The Museum curator is retiring in April and a new curator will be recruited who will be an employee of Farnham Maltings. The existing two part-time staff members will initially be seconded to the Maltings, but will remain employees of Waverley pending finalisation by government of new regulations to enable the transfer by TUPE of staff to voluntary and charitable organisations (draft regulations were issued by the Treasury in 2011 which have yet to be finalised).
15. The Council will continue to own and maintain the building and be responsible for its structural maintenance. Any additional building improvements will be considered as part of the Council's capital programme.

## **Community Overview and Scrutiny Committee**

16. Community Overview and Scrutiny Committee considered this report at its meeting on 12 March 2012 and agreed the following observations to pass to the Executive.

- 16.1 Three-year Service Level Agreement for the delivery of Farnham Maltings  
Members noted that Farnham Maltings did have significant income from their own catering, parking and other activities and for this reason it was proposed to recommend to the Executive that the SLA be set at £30,069, a reduction of the proposed increase in grant of 12% to 6% and the resulting savings be allocated to HOPPA and the Citizens Advice Bureau.
- 16.2 The future of Farnham Maltings Capital Projects  
The Committee noted that the Council had been in discussion with Farnham Maltings to bring the current funding arrangement to a close and had requested clarification of their capital requirement for the next 2 years. Farnham Maltings had agreed to bring the current capital arrangement to an early close and had proposed a change to the funding regime for 2013 to 2015 from 2:1 ratio to 1:1 ratio to take into account a much shorter period of time in which to raise the required match funding from other external sources. Members noted that there would still be a saving made under the 1:1 ratio and endorsed this proposal.
- 16.3 The Management of the Museum of Farnham  
With regard to the running of Farnham Museum, external consultants had concluded that the most appropriate model for delivery of its services would be to transfer it to an existing organisation such as Farnham Maltings. The Council and Farnham Maltings had negotiated a service specification whereby Farnham Maltings would operate the museum in accordance with the specification detailed in the report. The Council would continue to own and maintain the building and be responsible for its structural maintenance. Members noted that this was a good opportunity to use the expertise of Farnham Maltings to improve the Museum.

### **Recommendation**

It is recommended that the Executive agrees:

1. the Service Level Agreement for 2012 – 2015;
2. the 2012/13 Grant for the Farnham Maltings at £32,490, being a 5% reduction from the 2011/12 level;
3. to maintain the current capital funding ratio of 2:1 for the identified Maltings restoration work, ending this commitment at the end of the financial year 2014/15;
4. to the transfer of the management of the Museum of Farnham to The Maltings for a three year period starting 1 April 2012 under the terms of specification detailed in Appendix 2 of the SLA; and
5. to request officers to identify savings to offset the residual indirect costs and to report back in a future budget monitoring report.

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## Background Papers

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

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## **CONTACT OFFICER:**

<b>Name:</b>	Kelvin Mills	<b>Telephone:</b>	01483 523432
		<b>E-mail:</b>	kelvin.mills@waverley.gov.uk
<b>Name:</b>	Charlotte Hall	<b>Telephone:</b>	01483 523
		<b>E-mail:</b>	charlotte.hall@waverley.gov.uk
<b>Name:</b>	Katie Webb	<b>Telephone:</b>	01483 523340
		<b>E-mail:</b>	katie.webb@waverley.gov.uk