

CABINET

17 May 2012

MUSEUMS FULLY INTEGRATED MERGER PROPOSAL: PUBLIC
CONSULTATION PHASE

REPORT OF ASSISTANT DIRECTOR (ECONOMIC PROSPERITY)

Contact Officer: Eloise Appleby Tel No: 01962 848 181, Email:
eappleby@winchester.gov.uk

RECENT REFERENCES:

CAB2129 - Winchester Museums: Opportunities for Partnership Working, 16 March
2011

CAB2147 – Winchester Museums Reserve Collections, 13 April 2011

CAB2248 – Winchester Museums: Improving the Long Term Sustainability of the
Service, 9 November 2011

CAB2278 - Integrated Museums Service: Preferred Option for Approval, 18 January
2012

EXECUTIVE SUMMARY:

Members have supported a series of Cabinet papers charting the development of a proposal to merge the three museum services of Winchester City Council, Hampshire County Council and Southampton City Council. The goal is first and foremost to secure the long term resilience of the services, whilst making best use of resources; improving the customer experience and raising profile of Hampshire's exceptional heritage sites and collections across the county and at a national level.

The [last report \(CAB2278\)](#) set out in detail the journey towards a possible merger, including the rationale, the preferred governance option and the future course of action to take this concept forward.

The preferred option, identified with advice from external experts, was to establish a charitable company limited by guarantee. This would have its own trustees, with the three local authorities being represented on the Board and each Council holding a Service Level Agreement with the FIM to which set out the services to be provided. Further information about governance will be included in the report to be returned to Cabinet this December.

The January report also asked for permission to produce a detailed business case which will be the basis on which the Council bases a final decision about the merger proposal. To support the preparation of this business case and decision paper, officers also asked for permission to carry out preliminary staff and stakeholder consultation over the summer.

This paper provides more details about the consultation, and asks for Members to confirm their earlier decision to authorise the programme.

RECOMMENDATIONS:

That Cabinet

- 1 authorises officers to proceed with the proposed joint public consultation programme as outlined in section 4 of this report, the key findings of which will be brought back to Cabinet by Officers in December 2012;
- 2 takes its final decision in December 2012, based on a full Business Case for a Fully Integrated Merger;
- 3 expresses appreciation of the increasing staff resource being made available at no cost to the partners by Hampshire County Council, to ensure the delivery of a high quality Business Case for the three Councils.

CABINET

17 May 2012

MUSEUMS FULLY INTEGRATED MERGER PROPOSAL: PUBLIC CONSULTATION PHASE

REPORT OF ASSISTANT DIRECTOR (ECONOMIC PROSPERITY)

DETAIL:

1 Introduction

- 1.1 Members have supported a series of Cabinet papers exploring the option for a Fully Integrated Merger (FIM) of the museums services of Winchester, Hampshire and Southampton over the past year. Steady progress is being made towards the production of a full Business Case, including a three year Operating Plan, and this will be the basis on which Members of the three Councils will be asked to make their final decision about the FIM in December this year.
- 1.2 There have been a number of encouraging developments since Members last considered the project in January 2012 ([CAB2278](#) refers), and these are set out in section two below.
- 1.3 Whilst staff across the three services have been involved in developing the vision, values and model for the FIM, no public consultation has been carried out. It is important to be able to give potential customers and long term stakeholders alike a clear idea of what they might expect from the FIM, and to have some initial delivery concepts to test. This point has now been reached, and the focus of this paper is to set out the planned programme of consultation and seek Member confirmation for officers to implement this with immediate effect.

2 Recent Developments

- 2.1 *Funding:* At the time of the last [Cabinet report in January 2012](#), a funding application had been made to Arts Council England, South East (ACE,SE) by the three Councils along with a number of other partners in a Hampshire Museums Alliance. This bid for a Major Grant would have included funding to procure expert advice to support the development of the Business Case. The application received excellent feedback, and the Alliance continues to be encouraged by ACE,SE.
- 2.2 Although the Alliance was *not* awarded that Major Grant, Hampshire County Council subsequently applied for and was granted transition funding as a result of the termination of the Renaissance Programme in which it had previously been a key player. This transition funding has enabled the Alliance

to continue some of its joint work on collections and marketing, and – significantly – has funded the work necessary to compile the Business Case for the FIM.

- 2.3 *Project Management:* the project to develop the Business Case is a complex and time-consuming one. There are many strands to consider, which include technical questions around employment, finance and governance as well as practical ones such as IT provision and service planning. Hampshire County Council has provided a part time Project Manager, and the project is being managed in accordance with good practice shared by the three Councils. A project steering group (Assistant Director level meets every two weeks; a project board (director level), and an Executive Advisory Group (Portfolio Holder and Chief Executive) which will be convened for the first time on 25 May 2012. This means that there is good corporate oversight of the project, which is important at a time when an increasing number of Heads of Team are being called on to support work streams which will feed into the Business Case.
- 2.4 *Expert Advice:* drawing on the ACE,SE funding, the steering group is in the process of commissioning two sets of advisors. The first will be responsible for designing and implementing the public consultation programme outlined in [CAB2278](#). The second will be responsible for researching and compiling the detailed Business Case and three year Operating Plan on which Members will base their decision about the FIM at the end of this year. (Due to the delay in confirmation of funding, this work has been put back by a few weeks: Members may have noted that the Business Case was originally due to be brought back in the Autumn but is now December.)

At the same time, Hampshire County Council has offered support from its Legal Team – some direct, and some procured by the Team on behalf of the steering group in a way which responds to specific needs/issues. The County's Communications Team has led the way in compiling a project communications plan and a set of frequently asked questions, and the County's Research Team may provide advice and support for the commissioned consultation work.

3 Staff Engagement

- 3.1 At the time of the January Cabinet paper, officers had assumed that the commissioned programme of consultation would include staff. However, many staff across the three Councils have already been involved in the development of the FIM model, including the vision and values included in the January paper. There is a general sense of enthusiasm for the principle of the FIM, particularly from Winchester City Council's museums team. However, feedback from a Team meeting in January suggested that the main concern will be about the impact on jobs, and this will only be known²⁰¹³ once the business case has been approved and an organisational structure chart is developed.

- 3.2 The HR workstream which has been set up as part of the project management structure will pick up and lead on the issue of formal consultation with the Union. Milestones which will be important for Union dialogue are also included in the emerging communications plan.
- 3.3 Whilst it may not yet be possible to give staff the information they would like about the impact of the FIM on posts, contracts and conditions, it has been possible to give them ownership of the service planning which will form an essential part of the three year Operating Plan. To this end, small cross-Council working groups have been set up to work up draft plans for exhibitions, collections, commercial activity, marketing and venues and learning/education for which they will be directly responsible for delivery if the FIM is approved. One workshop for all the groups took place in April and another, for an expanded gathering of staff, is scheduled for June.
- 3.4 As the project develops, other Heads of Team are becoming involved in workstreams which are essential to the accuracy of the Business Case. Preliminary dates have already been set for the Heads of Finance, IT, HR and Estates to meet with the consultants for the first time to discuss the best approach to standardised data collection, prior to the development of detailed proposals and costings. For example, it will be important to decide how IT equipment and services are provided, and how best to integrate current systems, processes and content into one efficient structure. The Head of Corporate Communications has already been working on the project communications plan. Special presentations have been given in Southampton and Hampshire for these 'internal suppliers', and a presentation will be made at a forthcoming Senior Managers Meeting in Winchester to alert staff as the public consultation programme goes live.

4 Public Consultation

- 4.1 The two over-arching 'audiences' proposed within the commissioned public consultation work stream are:
- Our customers – both those who visit and current non-users (or lapsed users)
- Our stakeholders - funders, suppliers and strategic partners
- 4.2 The programme would engage a cross-section of representatives from each of these audiences designed to tease out key issues arising from the proposed FIM which can then be addressed in developing operational plans.
- 4.3 In commissioning external support for the programme, the steering group invited organisations to set out their proposals for the programme which would best meet the needs of the project for the budget available. Proposals ranged from staff-led discussions built onto existing meetings and events to more impersonal e-surveys. The steering group has opted for a programme which combines one to one interviews and focus groups with a more general e-

survey, in an approach which will be very 'visible' and accessible, offering the maximum number of opportunities for public participation across the county.

4.4 Areas of interest are likely to include:

- Public value and perception of current services – strengths and areas for potential improvement
- Testing responses to the emerging vision for the FIM
- Perceived benefits, opportunities and risks of an integrated service
- Identifying potential advocates and champions

4.5 The methodologies, language and themes applied for each of the audiences will vary slightly and will be developed in partnership with the appointed advisers. Interviews will take place both at museum sites and in other venues (eg libraries).

4.6 Consultation will begin in June, once Members of the three Councils have confirmed their approval (parallel decisions are being made in Hampshire and Southampton this month), with the final report due to be presented in early September. This will give time for key findings to inform the drafting of the Business Case, which should be completed by the end of September/early October.

5 Provisional Timetable

5.1 The timetable below was presented as part of the [January Cabinet report](#), but has been updated to show the current status of each action. One new addition is shown in italics. The timetable will continue to be refined as more information is known, and the Business Case recommendations begin to emerge.

Date	Action	Status
Jan 2012	Approval by Members to progress preferred option by undertaking detailed business case and due diligence.	Achieved
Jan-July 2012	Procure and deliver detailed business case development and due diligence on preferred option.	Procurement in progress
	<i>Initial assessment of potential trustee interest and options for officer leadership of organisation.</i>	Not yet started
	<i>Staff development / engagement</i>	Staff skills audit complete, and

		operational workstreams established
April-May 2012	Update report seeking approval to undertake public and initial staff and union consultation on an outline business case.	Achieved
May-July 2012	Public consultation regarding FIM proposal.	Now June - August Dependent on outcome of this paper
<i>May-Sept 2012</i>	<i>Detailed business case analysis undertaken in relation IT, HR, Finance, Legal, Property, Operational and other relevant work streams</i>	<i>First meeting of work streams in diary</i>
Autumn 2012	Decision by the 3 local authority partners on whether to proceed with establishing a FIM organisation/to proceed with implementing a charitable company limited by guarantee governance model.	Now November/ December 2012
Winter 2012- Spring 2013	Establish new FIM charitable company, appoint trustees and officer leadership and arrange transfer of staff.	Likely to take until summer 2013
	<u>This period would also see arrangements being made for contracting/employing support services functions.</u>	

OTHER CONSIDERATIONS:

6 SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE BUSINESS PLAN (RELEVANCE TO):

- 6.1 The FIM project is the extension of an action in the Economic Prosperity Change Plan for 2011/12, *to assess the benefits of working in new ways with other Hampshire museum services.*
- 6.2 The potential impact of the FIM on public awareness as well as innovation and quality of service delivery would enhance Winchester's reputation as a cultural centre and visitor destination. This supports the first outcome of the Council's Economic Strategy for 2010 – 2020.
- 6.3 Joint working as a means to provide resilient services in the face of public spending constraints also supports the corporate outcome of being an 'Efficient and Effective' Council.

7 RESOURCE IMPLICATIONS:

- 7.1 A very detailed breakdown of resource implications was given in [CAB2278](#) in January, including transition, ongoing liabilities, other projects (eg joint storage) and property. It is not proposed to repeat this information, which is largely unchanged, but Members will recall that CAB2278 reads:

“Any residual budget implications for Winchester City Council arising from the set-up costs would be set out in the decision report in the Autumn [*now December*] prior to their commitment, and would be subject to budget availability. “

- 7.2 The one significant change since the January paper is Hampshire County Council’s success in securing Arts Council England, South East funds of £80,000 for all the development work set out in the table below. This is updated from the table presented in the January report.
- 7.3 Hampshire County Council is wholly responsible for accounting for the grant, which is designed to support its transition from ‘Renaissance Hub’ status. As such, it is dealing with all aspects of the financial management of the grant and all procurement processes (although steering group members and other colleagues from the Councils are closely involved in evaluation and selection). However, the grant is only offered because of the County’s commitment to exploring the FIM with Winchester and Southampton, a project which has already attracted ACE,SE investment – through Hampshire County Council - over the last two years.
- 7.4 The ACE,SE funding will definitely pay for the public consultation programme outlined in this report: there is no residual cost (other than in staff time as part of the ongoing project steering group) to the Council.

Activity	Cost in £000s
DEVELOPMENT STAGE:	
Detailed Business Case inc ICT analysis	40
Legal work – due diligence , including HR	15
Public consultation	15
Contingency (eg for appointing shadow chair, best practice visit to Tyne and Wear, seeking trustees headhunting Contingency	10
Total (all funded by ACE,SE grant)	80
IMPLEMENTATION (100,000) (budget figures below under review as part of Business Case project)	
Staff development	5
Early appointment of Senior Executive	50
Legal work/company/charity status	30-40
Legal advice to trust	30
VAT & accountancy systems	7

TUPE & HR	10
Recruitment	5
Corporate identity	10
Pre Marketing & Launch	15
ICT & Website	42
Board set up & training	5
Logistics & removals	8
Contingency	7
	234,000
TOTALS	£304,000

7.5 ACE,SE has indicated an interest in continued support for the project if a decision to proceed is taken this year. It has already confirmed a grant of £100,000 (in addition to the £80,000 for development referred to above) for implementation costs arising in 2012/13. However, it is unlikely that the full amount could be spent in this financial year and there is as yet no confirmed funding for 2013/14. Officers are maintaining regular dialogue with ACE,SE, which is very keen to see the project progress. A further update on implementation funding will be presented as part of the December Cabinet report.

8 RISK MANAGEMENT ISSUES

8.1 Again, there is a full summary of risks and mitigation options given in the [January report](#) which remains largely unchanged at this point. The one additional risk which has been highlighted for the project as a whole is around the City Council's ability to control future costs, as a funding stakeholder in the FIM. Funding will be addressed in more detail in the Business Case.

8.2 In the meantime, there are some specific risks attached to the commissioning of the community consultation programme, the main ones being:

- i) messaging – being clear and positive about the drivers for change, so that there is not a knee-jerk reaction based on the misconception that the FIM would 'be all about Council cost cutting'. The steering group and the communications work stream group will be working closely with the external advisors to ensure key messages are positive, consistent and coherent;
- ii) reputational damage – a badly run consultation programme (poorly organised, exclusive, geographically or otherwise biased etc) would reflect badly both on the Councils and the future credibility of the FIM. External experts have been brought in to ensure the programme is statistical and methodologically reliable; to provide dedicated and objective management of the consultation, and to provide intelligent challenge to the steering group in interpreting the results. Roles and responsibilities for the advisors and the Council officers involved have been identified at the outset to ensure that there is no duplication of effort, or neglect of key activities.

9 EQUALITIES

- 9.1 An integrated impact assessment will form part of the Business Case, and reported back to Members in December as previously indicated.

BACKGROUND DOCUMENTS:

Working papers, including copies of expert reports, available from the Assistant Director (Economic Prosperity).

APPENDICES:

None