

HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Culture, Communities and Rural Affairs Select Committee
Date:	21 January 2013
Title:	Hampshire Arts and Museums Service – Update on the Fully Integrated Merger (FIM) Project (Towards a Hampshire Solent Cultural Trust)
Reference:	4621
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

1.1. The Fully Integrated Merger (FIM) Project is investigating the option of Hampshire County Council, Southampton City Council and Winchester City Council working together to create a Hampshire Solent Cultural Trust that supports the delivery of their arts, heritage and museum services. The prime purpose of the initiative is to sustain these services for the future. Work on the business case is well underway and clear financial and non-financial reasons are emerging in support of taking this project forward. The purpose of this paper is to:

- Provide an update report on progress with developing the business case.
- Describe the options available to progress the project and underpin ongoing collaboration between the authorities involved.
- Seek the views of elected members prior to a decision by the Executive Member on 21 January 2012 regarding approval to consult on the detail of these options with District and Borough Council funding partners.

2. Contextual information – Review of partnership work so far

2.1. The FIM project was launched in an attempt to find the best way forward to securing the long-term resilience and sustainability of Hampshire County Council's Arts and Museums Service within the framework of reducing public sector funding. It has been underpinned by strong collaboration with both Southampton City Council and Winchester City Council who are facing similar challenges.

- 2.2. At the Executive Member Decision Day on 20 January 2012, an initial options review was presented and approval granted to prepare a detailed business case for the preferred option: the establishment of a charitable company/ organisation to deliver arts, heritage and museums services for all three local authorities.
- 2.3. The Susie Fisher Group were also appointed to undertake research with members of the public and external stakeholders, working with the internal project team. A summary of the outcomes of this research is provided in appendix 1.
- 2.4. This work has identified demonstrable benefits for the proposal to develop a Hampshire Solent Cultural Trust that include:
 - Injection of new energy, giving opportunities to protect existing strengths and update services to meet twenty first century needs
 - Mutual support and cross-fertilisation through the pooling of specialist skills, capacities and resources – including fundraising and business development
 - Greater marketing profile and impact of an integrated public programme across the partner cultural venues
 - Increased attractiveness of the ‘Hampshire-Solent’ brand of city and county to strategic external investors (already evidenced by our success to date in securing ACE funding as a FIM partnership in association with our wider Alliance partners – National Motor Museum Trust, Mary Rose Trust and Portsmouth City Council)
 - Operational financial benefits as a charitable company in relation to tax relief and enhanced income generation
 - Wider pool of external investors as a charitable company
 - Introduction of new business and community skills through the establishment of a Trustee Board and associated development committees to govern the Trust
- 2.5. The emerging financial modelling being undertaken as part of the business case review indicates that the creation of a Hampshire Solent Cultural Trust which both delivers services and supports wider fundraising development will significantly enhance the financial resilience of Hampshire County Council’s arts and museums services within the context of an attractive wider city and county brand.
- 2.6. On the basis of the potential benefits outlined, work is continuing on the currently available options that will support the creation of a trust.

3. Options Review Update

- 3.1. The table included at appendix 2 summarises current work in progress regarding the financial modelling of three Hampshire Solent Cultural Trust options and compares them with a potential “remain in Hampshire County Council (do nothing)” scenario. The figures in this table reflect core service

cash limits only (based on information updated 29 October 2012) and exclude central support services. The same model of budget reduction has been used over a four year period for purposes of comparison and assumes back loading of savings to support the Trust in the early years. Two levels of risk model have been used for each option to indicate a range of financial performance: a cautious model that takes a low risk approach and a more ambitious approach, which assumes a level of reinvestment of tax relief and efficiency surplus into the marketing and public programming will increase audiences and income generation capacity from Year 1. Further details are provided in the notes and assumptions accompanying the table in appendix 2. Column 6 of this table represents an initial professional estimate of the relative attractiveness of the Hampshire Solent Cultural Trust in each option for strategic external funders, based on current funding streams available from these types of sources, including Arts Council England. It also reflects success and experience associated with partnership funding bids over the last two and a half years. These are not included in the bottom line figures provided in columns 1-4 and represent additional funding streams potentially available through open competitive application processes.

- 3.2. Appendix 2 demonstrates how financial modelling of the Fully Integrated Merger (option A) shows the greatest potential financial benefits for the 3 individual services in terms of long-term resilience. However, there are significant issues regarding realising central support services and transition costs which render this option undeliverable in the current economic climate faced by the partners. All three authorities wish to retain the strong collaboration which has proven successful in achieving external financial support and effective joint working established over the last two years. Within this context all three authorities wish to fully consider their position in terms of the remaining options to strengthen this approach as set out in 3.4. below. Everyone recognises both the challenges and opportunities faced in the current climate in terms of sustaining the success and resilience of the partnership.
- 3.3. On the basis of work undertaken so far there are currently two practical options which require further detailed work, in terms of financial modelling, feasibility of central support services arrangements and calculation of transition costs.
- 3.4. The business case work to date has been undertaken in a modular way to ensure that the data collected can be used to test further options within the same framework. Specifically, the two options presently being tested and compared against a 'Do Nothing' model for HCC:
 - Option B: A Partially Integrated Merger involving the full merger of HCC Arts and Museums Services and WCC Museums Services with the Professional Services¹ of SCC

¹ Collections, Exhibitions, Learning and Engagement, Business Development

- Option C: HCC establishes a Hampshire Solent Cultural Trust which directly delivers HCC Arts and Museums Services, raises external investment for the wider Hampshire Solent cultural brand and offers professional services to other partners, including arts, museums and cultural organisations (and potentially marketable as sold services further afield)
- 3.5. Appendix 2 illustrates how these two options compare with both the Fully Integrated Merger (FIM) and 'Do Nothing' approach. It is clear that both these options are likely to secure longer-term resilience for HCC Arts and Museums compared to the 'Do Nothing' approach. However it should be noted that neither are as favourable as the FIM and options B and C are likely to require some degree of fundamental business review during the 2013/14-2015/16 period.
- 3.6. The Partially Integrated Merger is the most cost-effective way of delivering services and securing external investment for the partnership. SCC and WCC will come to a view on whether to proceed with this option in Spring 2013, once the outcome of SCC current budget consultations are known.
- 3.7. Option C demonstrates that there are still clear benefits, compared to 'Do Nothing', for all partners to support HCC in developing a Hampshire Solent Cultural Trust. This would champion the sub-regional brand, placing it on a formally constituted footing and providing opportunities for expansion of role and remit in future years. During 2012/13 ACE is already contributing over £300,000 towards a programme of joint working between partners, including public programming and preparatory work towards the development of a joint collections centre. The longer-term attractiveness of this option is already being tested by our current application to ACE Renaissance Strategic Funding for £600,000 to invest in our joint public programming for 2014 and our digital product, which responds to the outcomes of our public research and forward programming work (2.3 and 2.4).

4. Next steps and Timeline

- 4.1. To progress this work a number of actions are required:
- Firstly to consult with funding partners, particularly the District and Borough Councils, on the potential impacts of options B and C.
 - Securing the considered view of the potential founding partner authorities by Spring 2013.
 - Finalising the detailed business case to inform any potential decision in early Summer 2013.
- 4.2. Members will be aware that there has been external funding of these joint proposals and no extra expenditure is anticipated to achieve the actions set out during the current financial year.
- 4.3. During this period contingency planning will also take place to allow for the potential decision to remain as an independent in house service ('Do Nothing').

- 4.4. A provisional timeline linking to the necessary decision making process is shown in appendix 3.

5. Recommendations

That the Select Committee make the following recommendations to the Executive Member for Culture and Recreation, that he:

- 5.1. Endorses the potential benefits of creating a Hampshire Solent Cultural Trust and approves further detailed work on the implications of options B and C as set out in section two of this report;
- 5.2. Approves consultation on the potential impacts and requirements associated with these proposals with funding partners during February-March 2013;
- 5.3. Subject to the results of these consultations, including the views of Southampton City Council and Winchester City Council, approves the presentation of a detailed business case for consideration by the Select Committee and the Executive Member in early Summer 2013.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Renaissance SE Hub		17.07.2008
Renaissance SE	920	10.09.2009
Hampshire Arts and Museums Service – Planning for the Future	1637	08.07.2010
Hampshire Arts and Museums Service – Planning for the Future	2154	17.11.2010
Hampshire Arts and Museums Service – Planning for the Future	2530	28.01.2011
Hampshire Arts and Museums Service – Planning for the Future	2684	08.03.2011
Hampshire Arts and Museums Service – Planning for the Future	2994	08.07.2011
Hampshire Arts and Museums Service – Planning for the Future: Phase 2	3374	04.11.2011
Hampshire Arts and Museums Service – Planning for the Future: Phase 2	2595	20.01.2012
Hampshire Arts and Museums Service – Towards a Fully Integrated Merger with Southampton City Council and Winchester City Council	3550	20.01.2012
Hampshire Arts and Museums Service – Planning for the Future: Phase 2	3698	08.03.2012
Hampshire Arts and Museums Service – Towards a Fully Integrated Merger with Southampton City Council and Winchester City Council	3824	14.05.2012

Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. An equality impact assessment of the proposals has been started and contributed to by the three Partners to fit with the developing Business Case. The public and stakeholder research and consultation to date (Appendix 1) as well as staff views, have been taken into consideration in looking at the equality impacts of these proposals. The equality impact assessment will be continually reviewed and updated at all the key decision stages in the development of this project as a key part of the detailed business case and due diligence stage. The completed impact assessment will be presented with the final detailed proposals to inform a decision in Summer 2013.

2. Impact on Crime and Disorder:

- 2.1. The County Council has a legal obligation under Section 17 of the Crime & Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no impact on crime and disorder.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption? Not Applicable.
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not Applicable.

Appendix 1 – RESPONSES TO A PROPOSAL TO ESTABLISH A CHARITABLE COMPANY/ ORGANISATION TO DELIVER ARTS AND HERITAGE SERVICES

EXECUTIVE SUMMARY

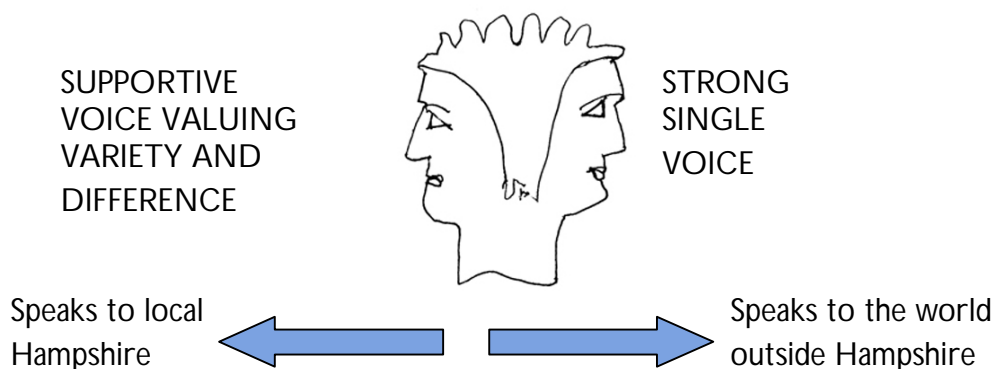
Hampshire County Council, Southampton City Council and Winchester City Council set out to discover the level of support with Hampshire audiences for the Fully Integrated Merger (FIM) of their Arts, Museums and Heritage services into a charitable company/ organisation. Surveys, focus groups and in-depth interviews were conducted with audiences and stakeholders across Hampshire. The key messages emerging from this research are:

1. Museums, Arts and Heritage Services are perceived to be under threat in the current financial climate. As a means of combating this threat, audiences and stakeholders are broadly prepared to go along with the Trust proposal, if the professionals recommend it. Audiences and stakeholders share similar hopes:
 - Positive pooling and sharing of resources
 - Dramatically better marketing and IT

While everyone would like to see the quality and scope of the service improved, it is the professional stakeholders and sophisticated Arts and Museums visitors who hold a realistic ambition of what could be achieved under the new system. The majority want to protect what they have.

2. The greater their stake in the service, however, the more issues are voiced by Public and Stakeholders. Stakeholders and users are prepared to support the Trust proposal, and are keen to have more detail and tangible reassurance that the system can be made to work. They are particularly interested in the following:
 - Local voices, venues and identity will be retained
 - The partnership between local authorities will remain strong
 - Professionals will have the required management, leadership & enterprise competencies

The vocabulary of merger – integrate, combine, single cultural voice – does not motivate the public. People want to hear a more positive vocabulary – support, protection, cross fertilisation, energy. The idea is to strengthen arts and heritage variety and identity across Hampshire. The diagram below shows the critical importance of how a new Trust must speak to its stakeholders in order to achieve successful delivery of services.



1. INTRODUCTION

1.1 The Current Situation

In the context of a difficult funding climate, three authorities are exploring the desirability of a Fully Integrated Merger (FIM) for their Museums/Arts/Heritage (M/A/H) services namely Hampshire County Council, Southampton City Council and Winchester City Council. The merged body would take the form of a Charitable Trust. The purpose of the study during Summer 2012 was to assess the level of support for the Trust proposal amongst Hampshire audiences and stakeholders.

1.2 Aims

To guide Council decision-makers as they make a decision whether or not to progress the Trust proposal and in addition to test the following amongst audiences and stakeholders

- To understand current levels of satisfaction with M/A/H services
- To investigate spontaneous responses to the Trust proposal
- To assess its strengths and weaknesses
- To evaluate the level of public support

1.3 Methodology

This was a multi-stranded study, employing:

- A self-completion survey with venue users, County-wide.
- A self-completion survey with external stakeholders, County-wide.
- Interviewer administered survey with non-visitors.
- Focus groups with M/A/H users (Aldershot, Winchester, Gosport, New Milton)
- Focus Groups with stakeholders at Winchester and Southampton.
- On-site interviews at Sea City and Milestones.
- Telephone interviews with external stakeholders.

The audience sample was demographically broad based and comparable with the 2008 Government Place Survey. It included a Rural/Urban split and visitors with disabilities. External stakeholders were selected from a list, provided by the Project Team and interviewing took place between June to August 2012.

2. OVERVIEW OF THE FINDINGS - AUDIENCES

2.1 Current Levels of Audience Satisfaction

Who are our audiences

%	Visitors*	Non-visitors
Male	35	40
Female	65	60
16-24	6	15
25-44	27	35
45-64	42	27
65+	25	22
With children	28	30
Without children	72	70

**re-percentage to take account of non-responses*

The table above is the profile of visitors and non-users who filled out the self completion survey. Visitors in the focus groups were segmented as follows in terms of their motivation for visiting: Sophisticated (more frequent users), Visit with children, Visit without children, Not sophisticated (less frequent users) as well as by their motivation for visiting arts and heritage venues.

How audiences feel about the current service

Survey participants (self-selecting) were frequent visitors to Council venues, with a third (32%) visiting once a month or more. A further 46% had visited in the past year and took a serious interest in plans for the integrated M/A/H service. Satisfaction ratings with the current service were good, with 71% of audiences expressing satisfaction - Stakeholder satisfaction was found to be similar to audiences. In-depth interviewing suggests that many people value the preservation of their history (and by implication their local identity), without necessarily planning to visit museums and other venues.

%	Visitors	Stakeholders
Very satisfied	34	31
Fairly satisfied	37	44
Neutral	12	18
Fairly dissatisfied	2	1
Very dissatisfied	1	0
Don't know	13	5

Among non visitors, two-thirds thought it enriched daily life and only 2% thought it was unnecessary or a waste of money. Paradoxically then, Hampshire residents may be

satisfied with the service, even if they don't visit themselves. Arts visitors were more engaged, passionate even, and made more regular use of the services available.

Current strengths and scope for improvement

Council-run venues scored well on providing basic services. In contrast commercial M/A/H services typically offered a more comfortable, up to the minute, enjoyable experience. The age group 16-24's in particular valued a modern up-to-date approach, which inevitably involved IT and social networking. Website, advertising and marketing were all targets for improvement, and in addition, visitors had a great appetite for more interesting days out. Arts events require a different state of mind. Arts goers are looking for variety and pace. They want exhibitions, events and performers to be regularly 'rotated'.

2.2 Audience Responses to the Trust Proposal

On balance, well over half of the Hampshire audience are likely to support the Trust without challenge, if it is the Council's recommendation. An important group to target are older regular users (age 45+) who are suspicious of losing out, are anti-change, and don't feel they know enough yet to support the move. Some engaged service users are wary and reserving judgement until they know more. The Councils will need to put the argument to them in a way which deals transparently with their concerns.

Museums and Heritage audiences are thinking more about protecting what they have already, rather than bringing in improvements. Arts goers, by contrast, see change as a route to higher quality exhibitions and performances. Only a tiny minority understood the legal advantages of a Charitable Trust, such as access to wider funding streams.

Strengths and weaknesses associated with the Trust proposal

Perceived strengths of the Trust were identified as: financially sound, better marketing, one stop website, pooling and sharing of resources, united management = one voice, innovative and energised. This is balanced by the perceived potential risks if these strengths are not realised: financial vulnerability, uncoordinated management, infighting, conflicts of interest, blurring of local identity, loss of jobs and venues, potentially diminished product.

The hoped for advantages which FIM will deliver

Maintaining free admission is a widespread hope amongst regular visitors, followed by a desire for more high quality content and support i.e. more of the same. Younger people (16-44) favour websites, modern thinking and better links to other sectors.

3. OVERVIEW OF THE FINDINGS - STAKEHOLDERS

3.1 Current Levels of Stakeholder Satisfaction

Overall stakeholder satisfaction with current services was reasonably high and in line with audiences. The current financial climate provided an expectation that further diminution of resources was likely, on top of budget reductions suffered within the past few years. External stakeholders offered a view on the strengths and

weaknesses of the M/A/H services. The key strengths were similar to those perceived by the public though the stakeholders put more of a premium on free entry and staff knowledge and guidance. Weaknesses that stakeholders mentioned were the loss of specialist staff knowledge, lack of publicity and reduced access hours.

3.2 Initial Responses to the Proposal

Several interviewed stakeholders were well aware of the Trust proposal in outline before the interview started. Many suggested the time was ripe, or even overdue, for action on this issue as, without any action, they sensed inevitable decline. Even those who are sceptical or worried can see the logic behind the arguments. In large measure, their issues are about implementation. The wider sample of stakeholders was asked if they felt the plan made sense and whilst half reserved judgement until they knew more, those who thought it made sense (44%) far out-numbered those who did not (5%)-

Amongst the much smaller sample of high profile stakeholders (18) who were interviewed in detail four basic types of response were discovered as that of being supportive, sceptical, indifferent and worried. In conclusion, the initial idea of the Trust has more appeal to 'top-down' organisations than to 'bottom-up' ones. While the possible benefits can be appreciated; the bottom- up organisation feared losses. Setting up the proposed Trust is seen by all as 'difficult' with a predominating strand in the response – 'can they make this work?'

The opportunities associated with the FIM proposal

The wider sample of stakeholders was 'alive' to the possible opportunities or benefits arising from the Trust, particularly with regard to some of the more aspirational elements like quality shows and a fresh approach to culture.

%	Stakeholders	Public
Venues that are free, stay free	60	64
More support for small community museums	45	42
More big 'must see' quality shows and exhibitions	55	39
More opportunities to learn	45	40
More 'what's on' information	45	38
Longer opening/evening hours	36	28
Improvements to services overall	44	27
Fresh modern approach to culture	43	27

'Better marketing' and 'pooled resources and expertise' resonated well as potential gains. Stakeholders closely connected with museums, galleries and academic disciplines could see opportunities for an improved quality offering. The opportunity to bid for more funding at a national level was noted by 'supportive' stakeholders but questioned by more 'sceptical' respondents. More cost-effective use of resources and some gains in educational outreach were also seen by some stakeholders as

potential benefits but there was little engagement with the notion of speaking with 'a single strong cultural voice for Hampshire'.

Stakeholder issues associated with the FIM proposal

When talking to the higher profile stakeholders six broad issue areas emerged from the discussion, all of which carried significant weight and were as follows:

- Ensuring accountability
- Guaranteeing quality of leadership
- Effective implementation
- Lack of natural cohesion between partners
- Loss of local identity

The wider sample of stakeholders shared this range of issues, they also raised concerns regarding the possibility of reduced future funding and loss of staff (both quantity and quality of jobs and expertise).

In conclusion, there is cautious overall support for the Trust accompanied by a number of issues which arise from current terminology used to describe the Trust proposal, a lack of specific knowledge and from general doubts about the success of any administrative reorganisations. Some stakeholders recommend learning from other charitable trusts in the country or other service sectors.

4. CONCLUSIONS – AUDIENCES & STAKEHOLDERS

4.1. Support to carry through the proposal and set up the Trust

In the current climate there is no outright hostility to this proposal and a fair measure of support for the idea that ‘something must be done.’ The Founding Authorities will need to address the issues raised through the consultation, in order to get audiences and stakeholders fully on board and supportive. Communication of more detailed proposals when the time is right may well address many structural concerns.

The most important group to target are the more traditional, locally-minded, smaller-scale stakeholders who currently perceive they may have more to lose than to gain. The case for the Trust may be more palatable to them if it focussed more on the protection of existing loved resources than on the expansion into grand schemes. The Trust needs to convey more about ‘mutual support in order to maintain local quality’ than ‘a merger to make Hampshire culture’s mark on the world.’ With audiences, an important group to target are older regular users (age 45+) who are suspicious of losing out, are anti-change, and who need more information if they are to support the proposal.

4.2. Communications about the Trust

In conclusion the proposals are not seen as revolutionary, game-changing or especially controversial. Both audiences and stakeholders see as many risks as they do opportunities – the perceived risks are more salient. Much depends on how the Trust proposals are presented and understood.

Audiences and stakeholders desire ‘protection, mutual support, specific local support, continuity, cross-fertilisation, new energy, updating.’ The language of ‘integrate / combine / no duplication / single cultural voice’ leads to thoughts about ‘merger’ which in turn leads to the language of ‘rationalisation / cutting the outlying branches / job cuts / over-weaning bureaucracy’. There needs to be great care and precision in the vocabulary of change.

The threshold for being effective in 21st century is perceived to have been raised: there is demand from audiences and stakeholders to see better marketing, more integrated IT and better quality, varied exhibitions. Public-facing (as opposed to fund-raising) stakeholders do not want to create a Hampshire-wide brand or voice, but would rather see the Trust as an under-pinning (in the background) body. If this perception were achieved, it would ameliorate the concerns about loss of identity and lack of cohesion of the area / participants.

Hampshire Solent Cultural Trust: Options with initial indicative financial summary

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Option	2014/15 Surplus (+)/ Deficit (-) Year 1	2015/16 Surplus (+)/ Deficit (-) Year 2	2016/17 Surplus (+)/ Deficit (-) Year 3	2017/18 Surplus (+)/ Deficit (-) Year 4	Approx. amount available to reinvest (Medium Risk Model) eg from tax relief	New Project Funding Potential By Year 4 (external sources eg ACE)
OPTION A: FULLY INTEGRATED MERGER (HCC Arts and Museums; SCC Arts and Heritage; WCC Museums)						
Cautious Risk	£70K	£10K	£40K	£60K	£0K	>£500K
Medium Risk	£0K	£0K	£0K	£0K	£500K Years 1 – 3 £600k Year 4	
OPTION B: PARTIALLY INTEGRATED MERGER (HCC Arts and Museums; WCC Museums; SCC Arts and Heritage Professional)						
Cautious Risk	£30K	-£40K	-£70K	-£200K	£0K	>£500K
Medium Risk	£0K	£0K	£0K	£0K	£300K Years 1 - 3 £200K Year 4	
OPTION C: HCC IN PARTNERSHIP (HCC Arts and Museums with SCC Arts and Heritage and WCC Museums as Delivery Partners)						
Cautious Risk	-£50K	-£90K	-£90K	-£240K	£0K	>£300K
Medium Risk	£0K	£0K	£0K	£0K	£200K Years 1 - 3 £50K Year 4	
ARTS AND MUSEUMS REMAIN IN HCC (DO NOTHING COMPARATOR)						
HCC only	-£50K	-£100K	-£150K	-£430K	£0K	<£100K

NOTES AND ASSUMPTIONS:

1. Figures reflect core service cash limits only (based on information updated 29 October 2012) and exclude central support services
2. Model of reduction for comparison assumes back loading to support the Trust in the early years: 2% reduction in HCC cash limit in Years 1 - 3 (& where appropriate SCC & WCC) with 10% reduction in Year 4 = 16% total. Actual budget reductions for 'do nothing' option could differ e.g. higher savings in year 3.
3. Payback of initial set-up costs met by annual savings to grant funding over first 4 year period - see assumption 2 for details
4. District and Borough Council contributions remain same as per 2012/13 for purposes of comparison
5. Cautious Risk Model: cautious income targets (3% per annum earned from 16/17 onwards); 50% benefit of NNDR (current rebate 80%); VAT inflated as contingency; gift aid benefits start slowly and build towards Year 4
6. Medium Risk Model: increased income targets (3% per annum earned from 14/15 reflected by reinvestment as per figures in column 5); 80% NNDR (current rebate); VAT based on current estimates; gift aid benefits greater from 14/15
7. Column 6 represents an initial professional estimate of the relative attractiveness of the Hampshire Solent Cultural Trust in each option for strategic external funders, including Arts Council England and Heritage Lottery Fund, based on current funding streams and levels of funding available from these types of sources. These are annual figures, excluding one-off capital development projects, and are not included in the bottom line figures provided in columns 1-4. I.e. they represent additional funding streams potentially available.

Appendix 3 – Timeline

The timetable is currently anticipated as follows although it may change and should be regarded as provisional.

January 2013

Executive Member Decision regarding whether to progress work on the potential establishment of a Hampshire Solent Cultural Trust as set out in options B and C of this report.

22 January - 30 March 2013

Consult District and Borough Council funding partners on the detail of options B and C.

By end of March 2013

Secure views from Southampton City Council and Winchester City Council on the detail of options B and C.

April - May 2013

Finalisation of detailed business case.

June 2013

Executive Member decision regarding whether to proceed following on from scrutiny at the Culture and Heritage Select Committee.

Summer 2013 – Spring 2014

Set up Trust, including recruitment of Trustees, further public and staff and union consultation regarding Trust.

Prepare for Transfer of Services and Staff.

Spring 2014

Transfer Services and Staff.