

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture, Recreation and Countryside
Date:	6 March 2014
Title:	Update on the Hampshire Solent Cultural Trust
Reference:	5630
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

1.1 The purpose of this paper is to provide an update on the establishment of the new charitable company limited by guarantee to run the arts and museums services currently delivered by Hampshire County Council and Winchester City Council. It builds on the Executive Member Culture and Recreation decision in September 2013 which was informed by the findings of the business case prepared with financial support from Arts Council England.

2. Governance

2.1 A founding Trustee Board has been recruited including Member representation for the founding authorities and a nominated 'observer' for each authority. The Interim Executive Officer for the Trust commenced on 1st January; Janet Owen, Head of Arts & Museums is seconded to the Interim Executive Officer role for 3 days per week to represent the Trust in the development phase.

2.2 The first Trustee Board meeting is on 7 March when it will consider the Articles of Association for registration of the Charitable Trust, review the Charities Association application and agree the roles and responsibilities of the Trustees. At the 28 March meeting, Trustees will have first sight of draft legal agreements for Management & Funding, Property Lease and Collection Loans. It is intended that the company will be registered with Companies House and the Charity Commission application submitted following the Trustee Board on 28 March 2014, and the outcome is expected before the final Executive Member decisions are made in Summer 2014. Trustee Board meetings in May and July and September will be the sign-off for key legal agreements and governance arrangements for the final transfer and establishment of the Trust.

3. Consultation

- 3.1 Staff briefings on 11/13 November 2013 informed staff of the next stages to set up the Trust following the 'in-principle' Executive Member decision in September and to formally consult with staff and Unions on the proposed TUPE transfer arrangements. Staff and Unions were given a 45 day period to comment on the proposed structure and raise queries in relation to TUPE, terms and conditions and any other matters relating to the Trust. A formal response was provided to the Union's comments on 3 February and to staff. In response to comments from staff further changes to the job titles within the management structure have been made. The next staff briefing dates have been set for early April.
- 3.2 A revised organisational structure has been prepared to reflect comments received from staff and unions, and the areas of more detailed local review have been identified. This review work will take place within teams over the next 2-3 months, and we will now consider whether this structure can be adopted from late Spring/ early Summer 2014, prior to transfer of services and staff to the Trust. An update will be provided to the Executive Member in July 2014. The organisation of the Trust post-transfer will continue to be reviewed, and there will be on-going dialogue with staff, unions and stakeholders regarding further improvement to the structures to support operational delivery.

4. Central Support services

- 4.1 Executive Member for Policy and Resources agreement in principle was secured in December 2013 that Hampshire County Council corporately provides central support services to the Trust as part of a grant agreement to the value of up to £578,000 (current cost of services provided is £583,000). As the County Council continues to improve the efficiency of delivering these services, generally and in liaison with the Trust, the cost corporately to Hampshire County Council of this grant provision will decrease over time. This arrangement is 'cost neutral' to the Trust and County Council and is based on benchmarking arrangements elsewhere. Good progress is being made following detailed discussions with Hampshire County Council Heads of Services, finance, IT, HR, Legal, Property are progressing to scope the support service to be provided along with the banking, accounting and HR business systems required for the Trust to operate following transfer of services planned on 1 October 2014.

5. Legal agreements (include Partnering Agreement)

- 5.1 The Partnering Agreement between HCC and WCC to set up the Trust was signed in January 2014 to confirm the resources will be made available to set up the Trust. Three key legal agreements are progressing with extensive consultation between Winchester and

Hampshire officers, along with legal advisers to agree the legal principles which will inform a second draft of the Management & Funding Agreement, Property lease and Collection agreement. Bevan Brittan, external legal advisers have been appointed to represent the trust's interests and will receive draft copies for comment when the Legal Agreements are developed to an appropriate stage with approval by both authorities. A first draft generic Property Lease and Collection Loan Agreement have been agreed by the two authorities. It is anticipated that the legal agreements will be at an advanced stage and ready for sign off at the time of the final Executive Member Decision on 2 July. A final decision will be made by the Executive Member for Policy and Resources on 20 June 2014 with respect to transfer of buildings and central services support.

6. Finance and Trust Budget

- 6.1 The District and Borough Councils working in partnership with Hampshire County Council Arts and Museums Service have been consulted on the setting up of the Trust and the transfer of staff and services. Each partner has been asked to consider a request for a 3 year funding agreement with 18 months notice of termination/significant change and the option of a 10 year Joint Management Agreement where appropriate. Subject to their agreement, they would also be invited to become a Core Partner of the Trust. A formal response to these proposals was requested by 21 February 2014, and a verbal update will be provided in due course.
- 6.2 The Trust budget is being developed to verify the assertions in the business case, to model VAT liabilities, NNDR, Gift Aid implications and other on-going liabilities and projected income. The Trust's cash flow projections will help inform the development of the Trust reserves policy ready for inclusion in the final Executive member decision planned for July 2014.

7. Risk Management

- 7.1 The project risks for the local authorities are being monitored and managed through monthly Highlight Reports to the Project Board. The key risks for the founding authorities during set-up are;
- progressing work 'at risk' pending the final Local Authority Decisions in June/July 2014
 - defining central support services during a period of transition to the Integrated Business Centre
 - working within the timeline and resource pressures to achieve transfer deadline and
 - managing the set-up costs within the agreed Budget
- 7.2 The key risks for the Trust are also monitored through the Highlight Report. These are;

- achieving reassurance on the independence of the Trust to meet Charity Commission requirements (name, charitable objects, and support arrangements)
- securing funding agreements with the District and Borough Councils
- the workload for the founding Board of Trustees to transfer of staff and services and
- the risk to reputation with key stakeholders, funders, partners and staff through any delay to transfer date.

8. Communications and branding

- 8.1 A Communications Plan is being developed with key messages about the Trust prepared for specific internal and external audiences ready for when the Trustee Board becomes active in March. Marketing consultants have been appointed in February 2014 to develop the Trust branding in accordance with the brief so that a Trust logo and design elements are ready to use from April to inform the development of publicity and the Trust website.

9. Major Projects and Fund Raising Initiatives

Catalyst and Major Partner Museum (MPM) application

- 9.1 2014 promises to be a significant year for the development of arts and museums in Hampshire and Winchester. As well as setting up the Trust, there are a number of innovative arts and museums projects being delivered in partnership with the wider Hampshire Solent sector.
- 9.2 The Hampshire Big Theme '1914' will deliver a powerful public programme across the county commemorating Hampshire's unique role in the First World War. The digital platform has already been launched; a diverse programme of community engagement is well underway; the first exhibition, *Artists Rifles*, opens in April 2014 at Southampton City Art Gallery, before touring to the Sainsbury Gallery at the Willis and Gosport Discovery Centre.
- 9.3 The Heritage Lottery Fund has also awarded £300,000 for the Hampshire Solent *Inspiring a Culture of Philanthropy* scheme, which will bring much needed fundraising expertise into the sector over the next 3 years to help us develop our own skills and networks.
- 9.4 We are currently working with Winchester City Council, Southampton City Council and Portsmouth City Council and private Museums to bid for more than £1.5m from Arts Council England Renaissance Major Partner Museum fund 2015-2018. If successful this will provide key strategic funding for the named partners and a strong platform for the new Trust. Executive Member support is requested for submission of this bid as a lead partner with Winchester City, Portsmouth City and Southampton City Councils and a number of independent museums. If

successful, it is proposed that this grant would novate across to the Trust once services and staff are transferred.

10. Next steps and timetable

10.1 The current timetable is provided to explain the key phases to establish the Trust. Members will notice that the final decision to transfer services has been postponed from March 2014 to June/July 2014 from the previous timetable. It is anticipated that the final transfer of services will take place on 1 October 2014 subject to the outcome of the Executive member decision.

Sept- Dec 2013:	Decision by Hampshire County Council and Winchester City Council to proceed in principle, establish charitable company and consult with staff and unions
Jan 14	Enter into partnership agreement that includes sharing set up costs with Winchester City Council and penalties for withdrawal
Jan 14	Recruit interim chair, executive officer and board
Nov 13 – April 14	Consult with staff, unions and funding partners
Feb 14 – May 14:	Register charitable company
Nov 13 – June 14	Detailed Finance, IT, Communications, Programme Planning
June/July 14:	Decision to transfer staff, services and resources (lease for property & collections) to Trust
Late July 14	Communicate with staff, unions and funding partners on the detailed transfer arrangements
1 October 14:	Transfer to Trust
Up to Summer 2015:	Transition
	Recruit Full-term Chair and Board
	Recruit Chief Executive
December 15:	Handover between interim and full-term Board and Executive completed

11. Conclusion

11.1 This report offers an update on progress to set up a Trust to secure the long-term future of Arts and Museums across Hampshire. It highlights the complexity associated with setting up the Trust together with the timeline and key steps required to fully establish the new organisation..

The report confirms the success of the Hampshire Solent partnership in attracting strategic grant funding and future bids to invest in the heritage and cultural provision across Hampshire.

12. Recommendations

12.1 That the Executive Member for Culture, Recreation and Countryside:

- i) Notes the progress made to date, including the results of the formal staff consultation process, and supports the forward plan of key tasks and decisions as set out in Section 9 of the report.
- ii) Supports the submission of a Major Partner Museums application as lead partner, in conjunction with Winchester City, Portsmouth City and Southampton City Councils, on behalf of the Trust to which it would be novated once established.

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

Hampshire safer and more secure for all:	No
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		28/01/2011
Hampshire Arts and Museums Service – Planning for the Future		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	3374	04/11/2011
Hampshire Arts and Museums Service – Planning for the Future	3374	20/01/2012
Hampshire Arts and Museums Service – Update on the Fully Integrated Merger (FIM) Project (Towards a Hampshire Solent Cultural Trust)	4414	21/01/2013
Hampshire Arts and Museums Service – Towards a Fully Integrated Merger with Winchester City Council (museums), establishing a Hampshire Solent Cultural Trust	3637	25/09/2013
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

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.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

The establishment of a charitable trust secures the greatest opportunity for resilience of Hampshire Solent arts and heritage services for the long term. Initial set up costs are high because there is a need to bring together the two organizations including staff, collections and buildings and develop new infrastructure. (It is not proposed that the ownership of property or collections would transfer to the new Trust.) However these initial set up costs are offset by the greatest opportunities for removing duplication, attracting external investment and expertise created by the establishment of an independent trust organization with a strong regional and national profile. It is hoped that the Trust will raise the profile of the Hampshire Solent arts and heritage services, increase audiences through improved quality of public programmes, marketing and the digital offer. Any surplus revenue funding will be reinvested into front line delivery of services. In the long term the Trust will deliver savings to the founding local authorities.

Any Trust established will be required to adopt an appropriate Equalities Policy in order to satisfy the requirements of any funding agreement with the founding partners. It will also be subject to the requirements of grant giving organizations in relation to Equalities.

<http://www3.hants.gov.uk/hampshire-solent-cultural-trust.html>

2. Impact on Crime and Disorder:

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:

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