

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Culture and Recreation
<b>Date:</b>	8 March 2011
<b>Title:</b>	Hampshire Museums and Arts Service- Planning for the Future
<b>Reference:</b>	2684
<b>Report From:</b>	Director of Culture, Communities and Rural Affairs

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#### 1. Executive Summary

1.1. The purpose of this paper is to:

- Reaffirm Hampshire County Council's ongoing commitment to delivering a nationally renowned museums and arts service that meets the needs of people living, working and visiting Hampshire.
- Introduce Phase 2 of the Hampshire County Council Arts and Museums review and propose a strategic approach to address the financial pressures associated with local government budget pressures.
- Provide an update on the transitional Renaissance Operational Plan 2011/12 and seek approval to enter into a funding agreement with the MLA to deliver this Plan.

#### 2. Background Context

2.1 This report builds upon the content of Executive Member for Culture and Recreation reports considered and decisions made on 8 July 2010, 17 November 2010 and 28 January 2011.

2.2 Hampshire County Council has a long tradition of taking pride in its cultural heritage. This is reflected in its excellent track record of stewardship over many years and ongoing commitment to investing in high quality and innovative cultural services. Through this work it has developed a national reputation and over the last ten years, Hampshire Museums Service has been 1 of 9 leading regional museums services in England associated with the national flagship *Renaissance* scheme.

2.3 The current strategic direction for the County Council's cultural services derives from its Cultural Strategy. This sets out cultural policy objectives that complement those of the Corporate Improvement Strategy and Sustainable Community Strategy, providing the primary focus of the Culture, Communities and Rural Affairs Department's services around the principles of:

- Stewardship - conserving and caring for the county's cultural heritage
- Equality of access to cultural services
- Increasing and broadening participation in cultural activities
- Promoting inclusiveness in cultural provision
- Supporting learning at all levels
- Securing economic benefits from cultural activities
- Valuing local distinctiveness and sense of place.

In the context of the Cultural Strategy, the overall objective of the Department's current Business Plan, approved by the Executive Member in July 2010, is to increase and broaden participation in culture, recreation and sport.

2.4 In April 2011, the Department of Culture, Communities and Rural Affairs merges with the Department of Property, Buildings, Regulatory Services & IT to become the Culture, Communities and Business Services Department. This exciting new development brings together a range of regionally and nationally significant cultural assets from across Hampshire County Council, and signals a firm commitment to continue delivering high quality and innovative services that meet the cultural objectives outlined in 2.3. The new Department will be at the heart of efforts to sustain the innovative approach to cultural services adopted by Hampshire County Council.

2.5 The 17 November 2010 Executive Member for Culture and Recreation report outlined the key drivers for change in terms of the national, regional and local context within which the Museums and Arts Service operates. These include:

- Government policy aimed at creating national quality museums in locations across England - supporting regionally and nationally significant collections in non-national contexts
- Cultural convergence agendas - connecting arts, museums and archives
- Emphasis on shared services, mergers and new models of governance as a response to financial pressures
- Diversification of funding sources and new ways of working
- Supporting the economy, particularly through tourism
- Improving skills and supporting learning - developing skills in the workforce and supporting education in schools
- Place-based investment and locality working

- Emphasis on community participation (from friend and volunteer to member of board) and partnership delivery
- 2.6 Subsequent to this, on 9 December 2010, the Arts Council announced that it will take over a number of the museum functions relating to the MLA during 2011/12, including its *Renaissance in the Regions* programme. Over the coming months, the Arts Council and MLA will work to align its new museum functions with the 5 goals in its strategic framework for the arts, *Achieving Great Art for Everyone*:
- Talent and artistic excellence are thriving and celebrated
  - More people experience and are inspired by the arts
  - The arts are sustainable, resilient and innovative
  - The arts leadership and workforce are diverse and highly skilled
  - Every child and young person has the opportunity to experience the richness of the arts
- 2.7 It is currently anticipated that the future *Renaissance* programme will identify a small number of core regional museums services of national significance which will receive regular funding from the Arts Council until 2015. Other museums services will be eligible to apply for a challenge fund to support strategic museums activity. The Arts Council will consult with the cultural profession during the spring and early summer regarding the final scheme and will invite applications for funding in September 2011. Final decisions will be made by the end of the year.
- 2.8 During 2011/12, the Arts Council is also completing a fundamental review of their regularly funded arts organisations (RFOs) for implementation from 2012/13. It is their intention to move towards an arrangement of portfolio holders with funding envelopes ranging from 2-6 years. The County Council currently funds six organisations in partnership with the Arts Council and expects to be consulted meaningfully as part of this process. In addition there are another seven Arts Council funded RFOs in Portsmouth, Southampton and Hampshire. The Arts Council decisions will influence a strategic review of the County portfolio to be undertaken as part of Phase 2 of the Museums and Arts Service review.

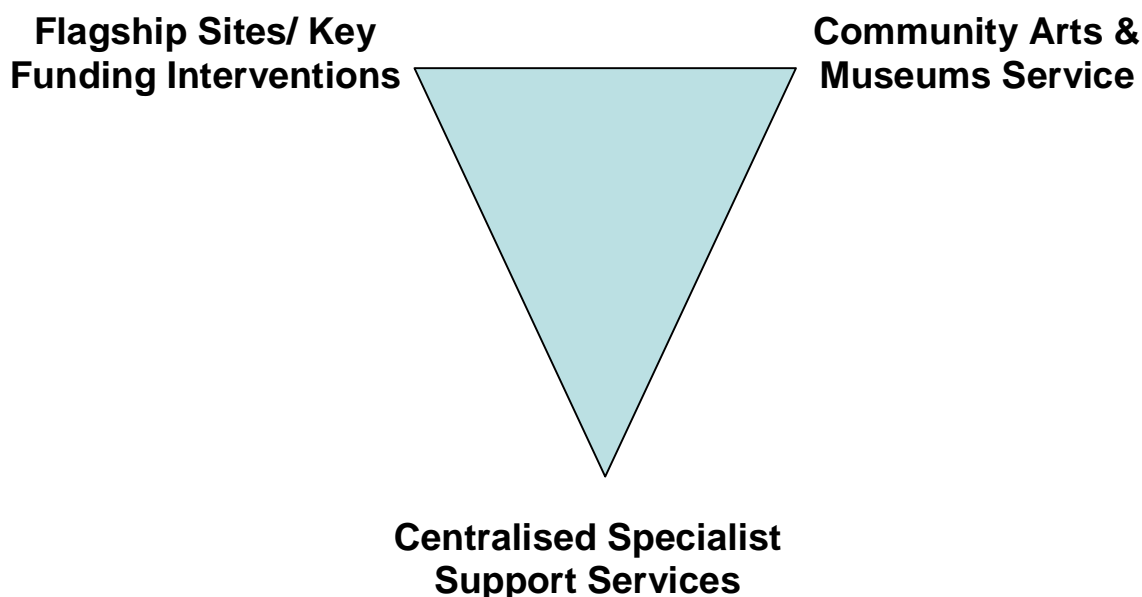
### **3. Future Direction**

- 3.1 Hampshire County Council is a strategic arts and museums authority that aims to deliver an innovative, high quality cultural offer of national standing that involves and inspires the people who live, work and play in Hampshire. In terms of an ongoing mission or vision it seeks to provide access to the County's museum collections, creative talent and quality artistic experiences for a wide range of users and audiences as part of an integrated cultural offer. This is the vision set out and approved in November 2010 and which now underpins our ongoing approach to this area of the County Council's activity.

- 3.2. The ability of collections and creative opportunities to inspire the imagination is increasingly used to support wider economic, social and corporate objectives. It is proposed that the Service will focus on the following key objectives over the next five years within the context of wider departmental and corporate themes:
- Inspiring a greater sense of place - creating a Hampshire where people want to live and invest
  - Supporting the Hampshire visitor economy and creative industries
  - Contributing towards raising the educational attainment of young people and supporting their transition into successful adulthood
  - Improving the health and wellbeing of older Hampshire residents
  - Generating income and improving sustainability
- 3.3. For the future, there is a need to continue the transformation of the way in which a wider public audience engages with museum and archive collections. This will continue to move heritage services away from a passive presentation of objects to one where they are used in a dynamic context to support learning throughout life and their importance in the story of local communities is emphasised. This approach is an essential means of ensuring that each generation finds its own connection with these important communal assets.

#### **4. Phase 2 Arts and Museums Service Strategic Review**

- 4.1 Phase 1 of the Review created a strategic baseline model for the Arts and Museums Service which addressed the financial pressures associated with the significant changes to Renaissance funding from 2011/12 onwards. It enabled the service to embed the key skills and experience gained from previous Renaissance investment in the areas of exhibitions, learning and community engagement, marketing and collections into core funded activity. It has been a necessary first step to ensure that the appropriate balance of professional skills is in place to inform Phase 2 of the Review.
- 4.2 In order to achieve the aims and objectives outlined in section 3 above, it is proposed that Phase 2 of the Arts and Museums Strategic Review will continue to build upon the 5 strategic principles and 4 priorities identified in Phase 1 and approved by the Executive Member on 17 November 2010. These are set out in Appendices 2 and 3 respectively
- 4.3 Specifically it is proposed that Phase 2 further develops an innovative and cost-efficient approach to arts and museums service delivery according to a 3 point model (figure 1):



**Figure 1**

- 4.4 Flagship sites/ key funding interventions would be identified as venues and organisations with strong regional and national programme reach which deliver a high quality product of national significance and have the potential to contribute to the county's economy.
- 4.5 At the heart of the Community Arts and Museums Service would be a team of dynamic learning and community engagement staff able to inspire a diversity of users to participate in their cultural heritage. This Service would also be able to lead on the provision of community arts and museums venues with active continued strategic, funding and in kind support from our District and Borough Council partners and wider community partners.
- 4.6 Centralised Specialist Support Services would provide the excellent professional skills and expertise required in the fields of exhibitions, collections and business development to maintain the quality of museums and arts delivery at a national standard.
- 4.7 This model would be used to develop a vision for arts and museums in Hampshire that meets the collective ambitions of HCC and its borough and district council funding partners. It is also expandable to exploit new opportunities for partnership working and funding as they emerge, including the potential for integrated working with Southampton and Winchester City Council museums and arts services.
- 4.8 As part of Phase 1, with funding from the Museums, Libraries and Archives Council designed to support transformation work, consultants Anne Murch and Anne Millman were commissioned by the three authorities and

Portsmouth City Council to carry out an initial scoping study regarding future joint working.

After a programme of staff discussions, stakeholder meetings and evidence-gathering, the consultants worked with the steering group to consider a range of options for joint working. They concluded that the strongest case, taking potential benefits and risks into consideration, was for a fully integrated merger (FIM) with options for delivery including joint service, independent trust or community interest company. Potential benefits of such an approach for Hampshire may include:

- A critical mass of resources, knowledge and expertise that enhances opportunities for quality and innovation whilst benefiting from the financial advantages associated with economies of scale
- The retention of Hampshire County Council's reputation as a cultural provider and its association with a premier regional arts and museums service
- Strengthening the position of Hampshire County Council and its partners in accessing major new funding streams including as part of future Renaissance and wider Arts Council initiatives

Portsmouth City Council is not currently in a position to take this concept further, but the three other councils are keen to continue their investigations. This next stage will involve the development of an indicative business case underpinned by financial analysis of governance options for a FIM, including the option of a phased approach. Hampshire County Council has secured funding from MLA to cover the costs associated with this next stage and it is intended that appropriate consultants will be appointed to undertake the work in time for reporting to the Executive Member in July 2011.

- 4.9 All four local authority museum services are supporting the development of a wider strategic alliance of key museums in the Hants-Solent area that also includes the National Motor Museum Beaulieu, the Mary Rose Trust and Isle of Wight Council. With Hampshire's leadership, the Alliance has already bid successfully for MLA project funding as part of the 2011/12 transition programme. It is proposed that this funding will support collaborative projects focused on community engagement, digital access, collections stewardship and 2012 marketing activities. The alliance may form the basis of a core museum bid to New Renaissance in due course.

## **5. Finance**

- 5.1 It is anticipated that Phase 1 will address the financial pressures associated with the significant changes to Renaissance funding from 2011/12, including associated redundancy liabilities. MLA has now given final approval to Hampshire County Council's transitional Renaissance Operational Plan for 2011/12 and will award a grant of £1,543,490 (including Renaissance SE Central costs up to 30 June 2011). The

Hampshire Arts and Museums Service budget, 2011/12 is summarised in appendix 1:

- 5.2 Specifically, the current organisational arrangements, including the management of the Renaissance South East Central Team, will continue until 30 June 2011. The Renaissance South East Hub will close on 30 June and Phase 1 reorganisation of Hampshire Arts and Museums Service will be implemented from 1 July 2011. Renaissance funding will support the following exit activity, including addressing relevant redundancy liabilities, for the Hampshire Museums Service throughout 11/12:
- Exhibitions and Audience Development Transition: £265,500
  - Learning, Community Engagement and Collections Development Transition: £217,496
  - New Partnership Models of Delivery: £174,592
  - Renaissance South East Managed Exit: £388,221
- 5.3 The 2011/12 HCC Renaissance Operational Plan will also provide £497,681 to support the development of the Hants-Solent alliance project outlined in 4.8 and 4.9.
- 5.4 2011/12 is the final year when funding will be received from the current Renaissance programme and is regarded as a transitional year by the MLA designed to support the exit strategies of Hub Museums. There will be a new Renaissance scheme from 2012/13 but there is no guarantee that Hampshire County Council will be successful in its application for further funding under the scheme. It is currently envisaged that the greatest chance of success is for HCC Arts and Museums to be a partner in a wider Hants-Solent alliance bid.
- 5.5 Phase 2 of the Arts and Museums Service review will be undertaken in 2011/12 for implementation in 2012/13. It will address the financial pressures associated with anticipated local authority budget reductions. For Hampshire County Council these budget pressures have been identified as follows:
- 16% reduction Hampshire Museums Service budget (long-term solution to addressing 8% reduction in 2011/12 and working in the assumption of a further 8% reduction in 2012/13)
  - 8% reduction Hampshire Arts Service budget (a long-term solution has already been identified for addressing the 8% reduction in 2011/12 and working in the assumption of a further 8% reduction in 2012/13)
- 5.6 HCCMAS runs 9 community museums in partnership (Joint Management and Service Level Agreements) with 8 District and Borough Councils and provides regular grant aid to 12 arts organisations that are also part-funded by District and Borough Councils. These District and Borough Council partners have also been affected by the October 2010 Spending Review,

and it is currently proposed that these partner budget pressures are also addressed, as far as possible, strategically through the Phase 2 review. Early dialogue has already commenced with partners in this regard.

- 5.7 The Arts Council is currently undertaking a major review of its Regular Funded Organisations with the outcomes being implemented in 2012/13. Their decisions regarding organisations in the Hampshire area is likely to have an impact on the organisations we currently regularly grant fund.

## **6. Other Options Considered**

- 6.1 Given the significant financial pressures identified in section 5 of this report, doing nothing is not an option.

- 6.2 A number of alternative options for addressing the financial pressures outlined in section 5 have been considered:

6.2.1 The closure of selected museums and arts venues and their community engagement functions. This option is rejected on the grounds that Hampshire County Council is committed to widening participation in museums and arts activity across the county, and it would prefer to work with existing and new partners to develop community partnership approaches that enable Hampshire to continue this support

6.2.2 Stop all learning and community engagement activity unless it can be funded by external grant sources. This option is rejected on the grounds that it is the learning and community engagement activity both within and without museums and arts venues that leads on widening participation. Given this importance, grant bodies expect a core capacity of learning and community engagement support within an organisation such as HCC before awarding additional funding.

6.2.3 Significantly reduce the centralised specialist support services provided in the areas of exhibitions, collections and business development. This option is rejected on the grounds that this group of services enable HCC to provide an innovative and quality arts and museums service of national reputation in a cost-effective manner. These services are fundamental to supporting widening participation and heritage stewardship agendas, and their capacity and reputation enables the service to lever significant external funding in support of its work.

6.2.4 Significantly reduce the arts and museums grants programme. This option is rejected on the grounds that the HCC grants programme is vital to retaining a dynamic and regionally important arts and museums scene in the county into the long-term.

6.2.5 Significantly increase income generation activity through additional commercial activity, sponsorship and grant funding opportunities. This aspect will be a key element of the wider strategic option proposed

within this document, but it would be unrealistic to assume that increased income generation can address the full financial pressures outlined in section 5.

- 6.2.6 Task all managers to find the required savings independently across each function within the service. This option is rejected on the grounds that the scale of financial pressure being addressed requires a strategic approach if the long-term future sustainability of the service is to be assured.
- 6.3 The strategic approach proposed in this report is likely to result in budget savings being made across a number of function areas. More detailed proposals will be provided in the Executive Member report for 8 July 2011.

## **7. Next Steps**

- 7.1 The timetable is currently anticipated as follows. It is likely to be subject to change in terms of detail as Phase 2 progresses and should be regarded as provisional.

March – June: Development of options based on the overall strategic approach outlined in this report

Detailed analysis of Fully Integrated Merger option in partnership with Southampton City Council and Winchester City Council

8 July 2011: Executive Member report outlining options for Phase 2 reorganisation informed by the analysis of the Fully Integrated Merger option

July – Oct: Consultation with key stakeholders, including staff, union representatives and borough/ district council partners

Nov 2011: Executive Member report providing feedback on consultation and seeking approval for implementation of resulting Phase 2 reorganisation proposals

April 2012: Implementation of Phase 2 reorganisation proposals.

## **8. Recommendation(s)**

That the Executive Member for Culture and Recreation:

- 8.1 Approves an immediate start of work on Phase 2 of the Museums and Arts Service review according to the principles and direction of travel set out in this and previous reports.
- 8.2 Approves entering into a funding agreement with the Museums, Libraries and Archives Council regarding the transitional Renaissance Operational Plan 2011/12 as described in this report.
- 8.3 Considers a further report in July 2011 outlining the specific options for Phase 2 reorganisation informed by the analysis of the Fully Integrated Merger option outlined in this report.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Improvement plan link number (if appropriate): No	
<b>Enhancing our quality of place:</b>	Yes
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Renaissance South East Hub		17/07/2008
Renaissance South East	920	10/09/2009
Hampshire Museums and Arts Service – Planning for the Future	1637	08/07/2010
Hampshire Museums and Arts Service – Planning for the Future	2154	17/11/2010
Hampshire Museums and Arts Service – Planning for the Future		28/01/2011
<b>Direct links to specific legislation or Government Directives</b>		
<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.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

Equality Impact Assessments have been completed to evaluate the impact of the proposed reorganisation and restructuring of the Hampshire Museums Service on:

- The staff currently working for the Service and employed by Hampshire County Council and
- On existing and potential users of the museums and related services

The summary impact assessments are published on the Hampshire County Council website. These impact assessments relate to the transitional Renaissance Operational Plan 2011/12 as an integral part of Phase 1. A separate EIA will be undertaken for Phase 2 in due course.

There are no recommendations for further action as a result of the equality impact assessments. There is no inequitable impact for any group of staff as a result of the restructure proposals. Potential impact has been identified for some customer groups – older people, children and families, people on low income and people in deprived areas – and a number of mitigating actions have been identified and incorporated in Phase 1 implementation and associated transitional Renaissance Operational Plan 2011-12. It is anticipated that the new Learning and Community Engagement Team will have a positive impact working with target groups in the local community.

### **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:**

How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable

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**

**2011/12 Hampshire Arts and Museums Service Budget**

	Museums Service £000	Milestones £000	Renaissance (inclg. RSE Central) £000	<b><i>Hampshire Museums Activity</i></b> <b><i>£000</i></b>	<b><i>Hampshire Arts Service</i></b> <b><i>£000</i></b>	<b><i>Hampshire Arts and Museums Service</i></b> <b><i>£000</i></b>
Gross Expenditure	2,900	1,300	1,500	<b><i>5,700</i></b>	<b><i>2,600</i></b>	<b><i>8,300</i></b>
Income (including District Councils)	900	1000		<b><i>1,900</i></b>	<b><i>700</i></b>	<b><i>2,600</i></b>
<b>Net Expenditure</b>	<b>2,000</b>	<b>300</b>	<b>1,500</b>	<b><i>3,800</i></b>	<b><i>1,900</i></b>	<b><i>5,700</i></b>

## Appendix 2

### Key Principles

The five Phase 1 principles to be carried forward are:

- Widening participation – Phase 2 will continue to be driven by the corporate ambition to engage more people from a wider range of backgrounds in high quality cultural activities.
- Maintaining strategic collections - Hampshire County Council's museum collection is rich in stories about Hampshire and its people over millions of years. It is important that the service continues to capture, preserve and investigate these stories and memories so that they can be used effectively. Phase 1 has begun this process by creating a flexible pool of collections specialists able to work within a project approach to support exhibitions, learning and other public access programmes driven by audience need. Phase 2 will continue to build on and develop the strategic impact of this resource.
- Promoting integrated working – Phase 2 will specifically reflect on the opportunities for cultural convergence between museums and arts activity within the service, especially within the context of wider national initiatives concerning the Arts Council and Renaissance.
- Developing partnership working and shared services – initial scoping work on this principle was undertaken as part of Phase 1 with the financial support of the MLA. It is proposed that Phase 2 will take forward the outcomes of this scoping work and undertake detailed analysis of options for a Fully Integrated Service with Southampton City Council and Winchester City Council.
- Generating income and accessing external funding – Phase 1 has included an initial review of income generation activity across all areas of service and a 10% increase on current earned income targets established. This work will continue in Phase 2. Given that Phase 2 will help shape the future vision for the service over the next 5-10 years, it will include initial thinking regarding potential development funding opportunities.

### Appendix 3

#### Key Priorities

In Phase 1 the 4 priorities approved by the Executive Member on 17 November 2010 were as follows:

- Priority 1: learning and community engagement activity across the county encouraging wider participation with museum collections and stories both within and beyond museum venues
- Priority 2: delivering strategically located museum exhibition and heritage venues in significant population areas and major tourism destinations.
- Priority 3: supporting delivery, where practical, of community museum and heritage venues in other areas where significant community partnership investment can be generated and sustained
- Priority 4: providing a county-wide strategic curatorial and collection management/ care service that provides appropriate level of stewardship and professional support in the collections

It is proposed that in Phase 2 these priorities continue to shape the long-term vision for the strategic role of Hampshire County Council as an authority that both enables and directly delivers arts and museums activity.