



Heritage Change Programme

New Ways of Working Future Management Models for Heritage Services

**Duncan Wood-Allum and
Joanna Bussell - Winckworth Sherwood**

Objectives

- To develop awareness and understanding of future management models
- To develop shared understanding of the opportunities, benefits, risks and costs of alternative models
- To draw upon learning from Heritage Services operating alternative management models
- To assist Boroughs in identifying opportunities to collaborate.



Agenda



1.30pm

- Introductions
- Key findings from Heritage Change Programme
- Identification of London Boroughs' current position and plans linked to London Library Change Programme
- Introduction to management models for Heritage Services

2.35pm Coffee Break / Networking

- Reflections from new and existing Trusts:
 - Dr Scott Cooper – Fulham Palace
 - Sarah Fosker – Bexley Heritage Trust
- Q+A Surgery
- Further information

4.30pm

- Close



Key Findings from the Heritage Change Programme

- The short term financial pressures are dominating decision making for many Boroughs
- Small Heritage Services in many cases are 'not on the radar' due to the scale of operation
- Several Borough Heritage Services have flagged up a number of constraints and limiting factors inhibiting their transformation journey – eg facilities, collection space, ICT, staffing and capability.
- The Libraries transformation programme given the scale of potential efficiencies is the lead service exploring new management models with Heritage on board in some cases
- Huge pressures on current structures, staffing and cost bases.



Key Findings from the Heritage Change Programme

- Lack of investment in the past is exacerbating the situation as many services are yet to transform into sustainable operations / fully explore partnerships and collaboration
- In some cases, services are still poorly defined and unclear about their role
- Some positive examples of proactive Boroughs supporting Heritage – eg Hammersmith and Fulham – Fulham Palace
- Some stronger Councils such as City of London keen to explore partnering opportunities re collections storage and joint working.



London Borough's - the current landscape

- A number of Boroughs exploring merging functions – eg Camden and Islington after merging top team is no longer being explored
- Hammersmith and Fulham, Westminster and Kensington and Chelsea
- SELPIG (South London Performance Improvement Group) exploring opportunities
- A number of Boroughs exploring management options including Haringey, Redbridge and Ealing
- LB Hammersmith and Fulham, RB Kensington and Chelsea and Westminster City Council – single combined Library and Archives Service.



Sustainable Services – setting the context

1. History has told us that a new management model on its own will not fundamentally change or improve anything for customers
2. Getting your service in shape to be relevant, integrated with wider agendas and sustainable is a key priority on the transformation journey
3. Is your current service fit for purpose or will it need some restructuring / rationalisation prior to moving into any new management model?





**London Cultural Improvement Group
Heritage Services
Alternative Management Models**

Joanna Bussell
February 2011

Summary

- Policy background
- Different models
- Advantages/disadvantages of the different models
- Key legal and practical issues
- Concluding remarks

Policy background



- Coalition Government's agenda when it first came to power:
“radical devolution of power”
- Objective: “Big Society: not big government”
- “Double devolution”

Policy background



- Coalition Government pledged to: “support the creation and expansion of charities, mutuals, cooperatives and social enterprises to enable them to have much greater involvement in the running of public services”
- Coalition Government’s aspiration that 25% of Government contracts be awarded to SMEs

Policy background (cont'd)



- The challenge for local authorities and the emphasis is on:
 - Innovation
 - Localism
 - Diversification
 - Encouraging SMEs to participate in procurement
 - Promoting the involvement of charities/social enterprises in public sector service delivery

Different delivery models

- Traditionally, options limited to:
 - In house provision
 - Transfer to private sector (leisure only)
 - Transfer to a newly created/local “not for profit” organisation

Different delivery models (cont'd)

- Big Society, new options might include:
 - Partnership with an existing “not for profit”
 - Public sector cooperative
 - Freeholder transfer/long lease of assets to a community organisation
 - Joint delivery with another local authority or authorities
 - Joint delivery with a consortium of public sector bodies

Traditional Delivery Models

- In House
 - The continuation in services in house with no significant change to scope of services or means of delivery
 - Equivalent to status quo
 - Can only be justified if it can be demonstrated that this continues to represent value for money

Traditional Delivery Models (cont'd)

- In House (cont'd)
 - Advantages
 - continuity
 - control
 - direct influence on outcomes
 - Disadvantages
 - query if status quo continues to meet local needs
 - query innovation
 - query value for money

Traditional Delivery Models (cont'd)

- Outsourcing to a private sector operator
 - Transfer of the management and operation of the service to a private sector operator
 - Competitive private sector market in leisure
 - Management agreement for 10/15 years
 - Fixed funding based on an agreed service specification

Traditional Delivery Models (cont'd)

- Outsourcing to a private sector operator (cont'd)
 - **Advantages**
 - proven track record in leisure
 - potential risk transfer
 - opportunities for capital investment to upgrade the facilities
 - **Disadvantages**
 - primarily leisure: no track record in heritage
 - potentially less interested in wider community initiatives

Traditional Delivery Models (cont'd)

- Transfer to a newly established “not for profit” organisation
 - Creation of a new “non profit distributing organisation” (NPDO)
 - Transfer of existing staff and assets to NPDO
 - Enter into a funding and management agreement for the delivery of agreed outputs

Traditional Delivery Models (cont'd)

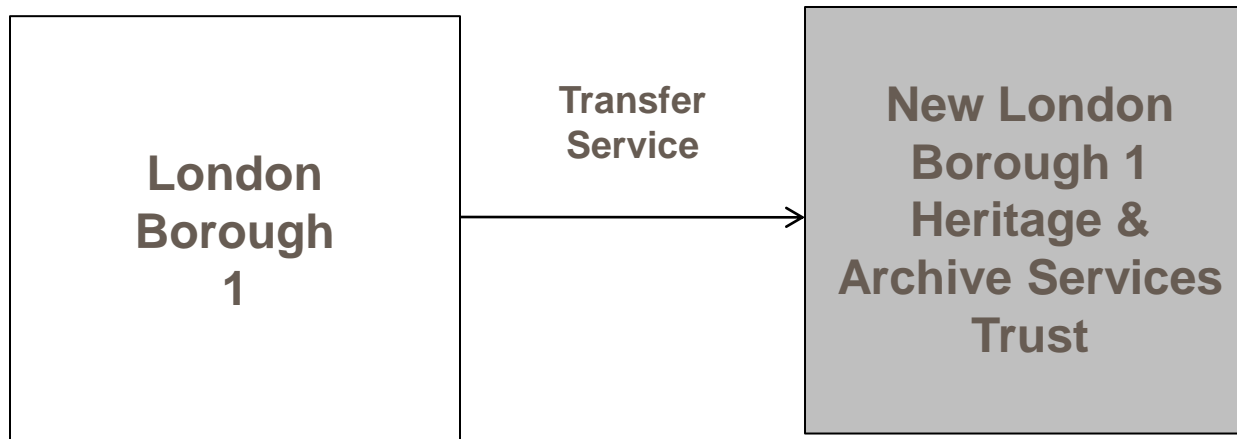
- Transfer to a new NPDO (cont'd)
 - **Advantages:**
 - Creation of a new organisation locally based/locally focused
 - Locally owned
 - Opportunity to capture private and public expertise
 - Reinvestment of all surpluses in facilities/local area
 - Fiscal advantages
 - Levering in external funding
 - Private sector culture/public sector ethos

Traditional Delivery Models (cont'd)

- Transfer to a new NPDO (cont'd)
 - Disadvantages:
 - if charitable – regulation by Charity Commission
 - if charitable – exclusively charitable purposes
 - if charitable – asset lock

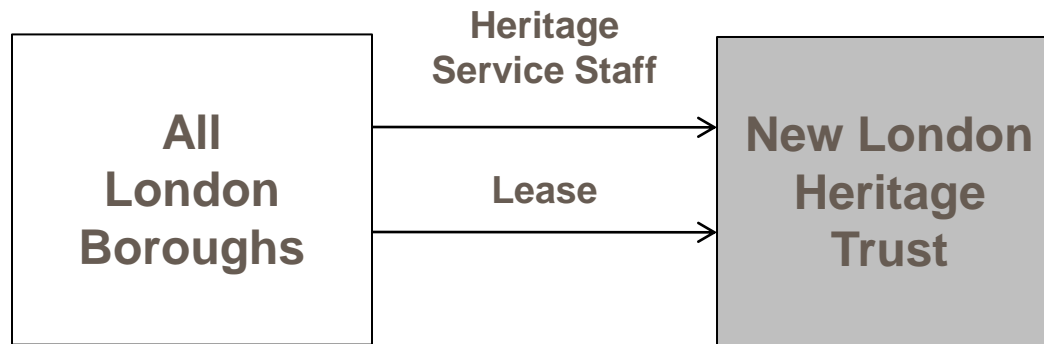
Traditional Delivery Models (cont'd)

- Option 1: Creation of a New NPDO



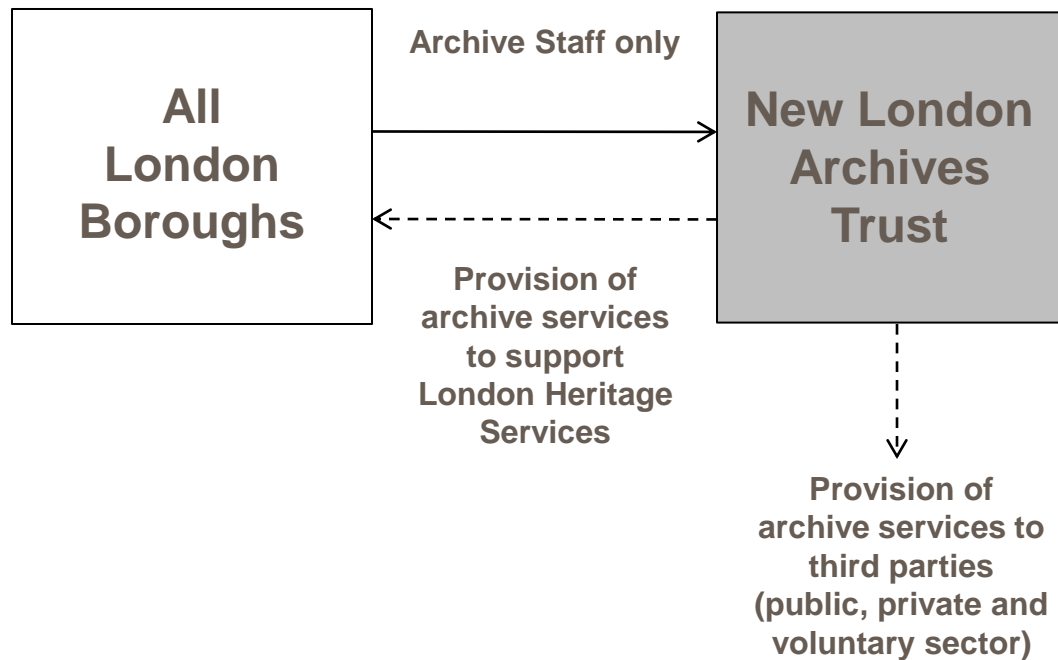
Traditional Delivery Models (cont'd)

- Option 2: Pan London NPDO for Heritage



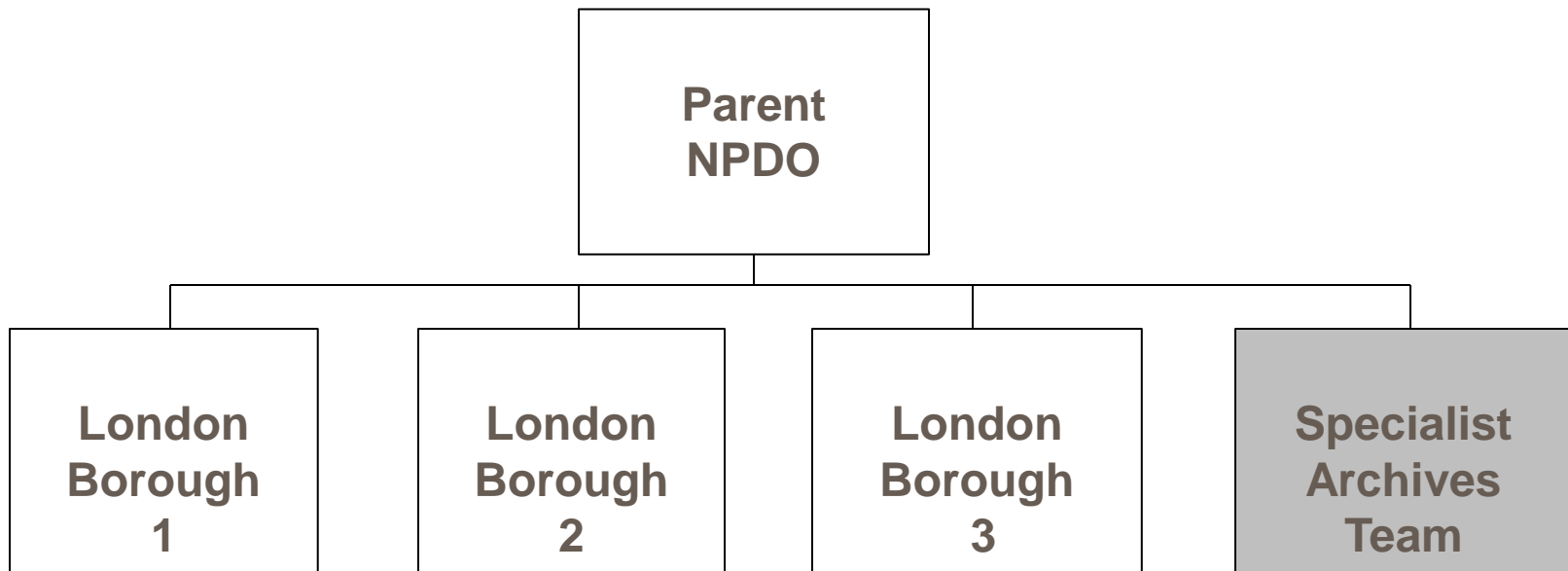
Traditional Delivery Models (cont'd)

- Option 3: Pan London NPDO for Archives



Traditional Delivery Models (cont'd)

- Option 4: Group Structure



Big Society Models



- Transfer to an existing NPDO
 - Proven track record in delivering heritage services
 - Transfer of staff and assets to the existing NPDO
 - Enter into a funding and management agreement
 - Potential for local representation on the board of existing NPDO or creation of a local NPDO as part of a group structure

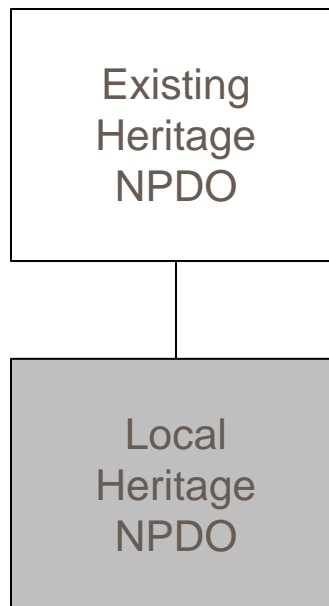
Big Society Models (cont'd)



- Transfer to an existing NPDO (cont'd)
 - **Advantages:**
 - proven track record and experience in delivering heritage services
 - existing management team/expertise
 - existing financial/operational management structures
 - all tax advantages of charitable NPDO
 - local NPDO can be established to create local autonomy within a group structure
 - **Disadvantages:**
 - query local connection
 - potential disadvantages of NPDO

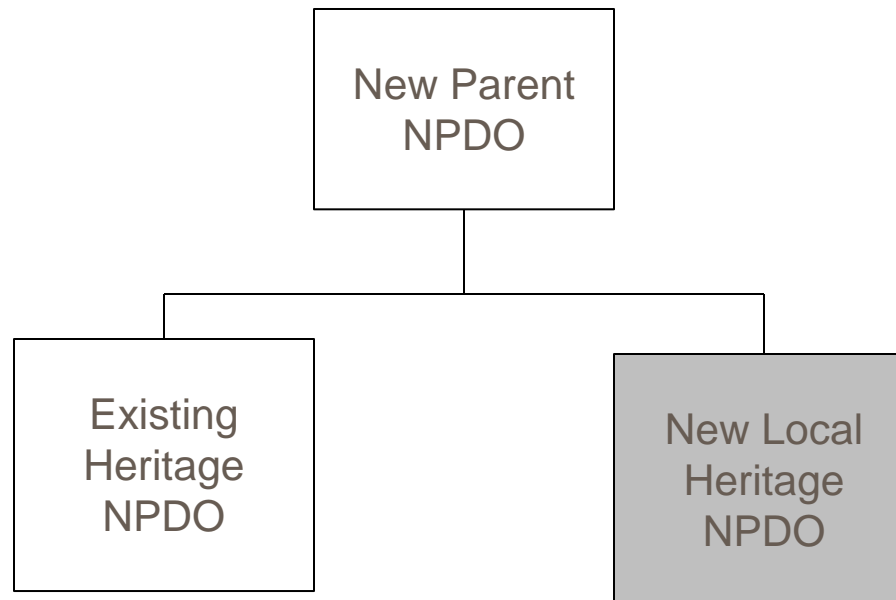
Big Society Models (cont'd)

- Potential NPDO Group Structure: Option 1



Big Society Models (cont'd)

- Potential NPDO Group Structure: Option 2



Big Society Models (cont'd)

- Public Sector Co-operatives
- “Right to Challenge”
- “A new right for public sector workers to form employee owned co-operatives and bid to take over the services they deliver. This will empower millions of public sector workers to become their own boss and help them deliver better services”

Big Society Models (cont'd)

- Establishment of a Public Sector Co-operative (cont'd)
 - **Advantages**
 - employees involved at every level including strategic decision making
 - employees can share in profits of organisation
 - foster an entrepreneurial approach
 - opportunity to bid for other public sector contracts
 - opportunity to expand and diversify

Big Society Models (cont'd)



- Establishment of a Public Sector Co-operative (cont'd)
 - Disadvantages
 - administration costs (potentially less than current recharges)
 - regulatory requirements
 - running your own business
 - risk

Big Society Models (cont'd)

- Transfer of assets to a community organisation
 - Transfer of an asset to a community organisation
 - Freehold transfer or long lease (e.g. 99 years)
 - May or may not involve grant funding/community outputs

Big Society Models (cont'd)

- Transfer of assets to a community organisation (cont'd)
 - Advantages:
 - transfer of asset and risk
 - Disadvantages:
 - if FH transfer – no going back!
 - query long term viability of the project
 - query LA ability to influence service/access to asset
 - query expertise of new management team

Big Society Models (cont'd)

- Joint delivery with another local authority
 - Two or more local authorities acting together
 - Options
 - one local authority acts as the host authority
 - establishment of a joint committee to manage the service
 - establishment of a special purpose vehicle eg JV or NPDO
 - may/may not involve transfer of staff/assets

Big Society Models (cont'd)

- Joint delivery with another local authority (cont'd)
 - **Advantages:**
 - economies of scale
 - maximising finite resources/sharing expertise and know-how
 - delivering better outcomes/greater impact on the local community
 - **Disadvantages:**
 - potentially complex project
 - requires alignment of two authorities strategic objectives

Big Society Models (cont'd)

- Joint delivery by a public sector consortium
 - Joint delivery with other local authorities and public sector bodies within an area, e.g. health, police, fire or prison authorities
 - Options:
 - one authority acts as host authority
 - establish a joint committee
 - establish an SPV
 - may/may not involve transfer of staff/assets

Big Society Models (cont'd)

- Joint delivery by a public sector consortium (cont'd)
 - **Advantages**
 - economies of scale
 - pooling resources/expertise
 - tackle difficult/cross cutting issues
 - deliver better outcomes
 - **Disadvantages**
 - complex project
 - requiring close alignment of objectives

Key legal and practical issues



- Staffing issues
 - TUPE/pensions/new joiners/recruitment?
- Property issues
 - Lease/repairs and maintenance/break clauses?
- Other assets
 - Collections/archives/databases/contracts?

Project Documents

- Formalise arrangements:
 - Funding and Management Agreement
 - Asset Transfer Agreement
 - Collections Agreement
 - Lease/Licences
 - Support Services Agreement
 - Admission Agreement

Concluding remarks

- Enormously exciting period
- Opportunity to develop innovative solutions
- Proven track record of charities in delivering public sector services
- Potential to explore different solutions for different service areas
- Ensure “a fit for purpose solution” for each service area/to meet Local Authority needs

Thank You

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Coffee Break



Presentations



- Dr Scott Cooper – Director Fulham Palace



- Maggie Appleton – Chief Executive, Luton Culture



- Sarah Fosker – Director Bexley Heritage Trust



Bexley Heritage Trust



Reflections from Fulham Palace

Where's Fulham Palace?

I think you mean Fulham Palace Road!

No, no. He means the football club.

Oh, you *do* mean Fulham Palace.

There's a Palace? An actual Palace? What, in Fulham?

I've lived in Fulham for 20 years and I never knew...



Reflections from Fulham Palace

- Former home of the Bishops of London
- Grade 1 listed building
- Scheduled ancient monument
- Registered 2* historic landscape
- A haunt of ancient peace



Reflections from Fulham Palace

- Owned by Church Commissioners
- 100-year head lease with LBHF until 2075
- Conditions and a leaseback – let the problems begin
- Fulham Palace Trust – let's compound the problems
- Inactivity – let's ignore the problems, they might go away

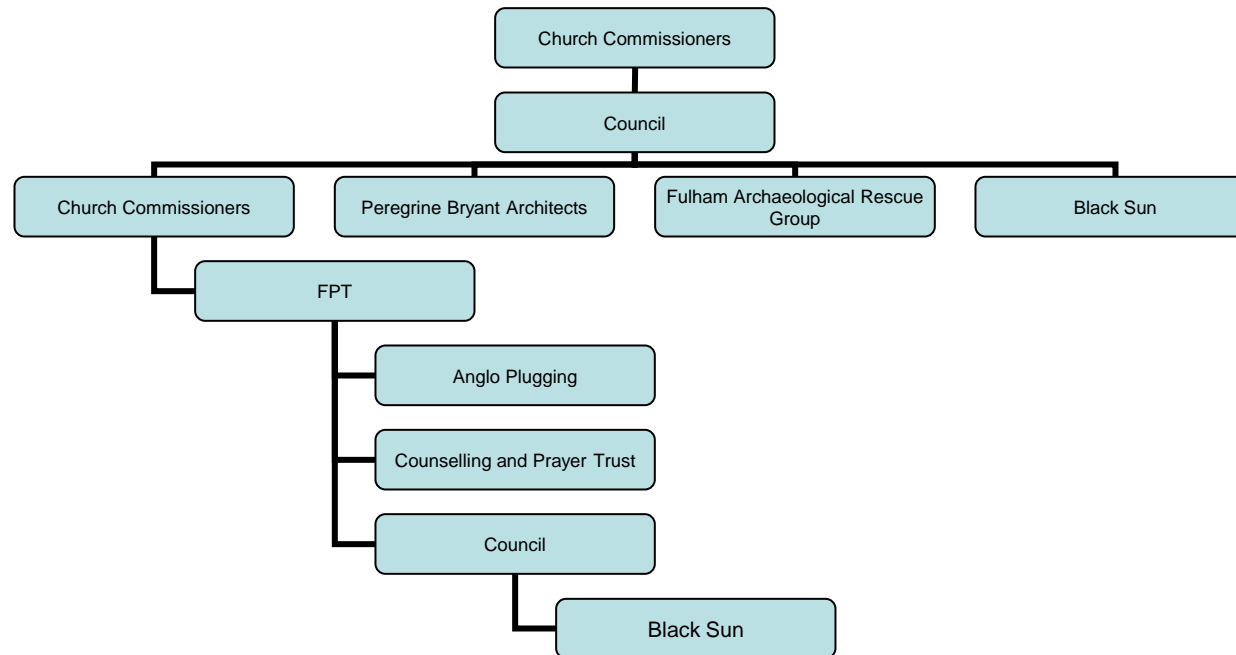


Reflections from Fulham Palace



Reflections from Fulham Palace

- Restoration of relationships begins
- Restoration of buildings begins
- Governance tackled – the real hard work begins



Reflections from Fulham Palace

Potential benefits outlined:

- Clarity of governance
- Removed from political cycles
- Improved strategic planning
- Leaner operation – reduced cost base
- More entrepreneurial operation – greater income
- Stronger community / corporate relationships and support



Reflections from Fulham Palace

Potential problems rehearsed:

- No financial control
- No operational control
- No strategic control
- No accountability through democratic process
- Council could end up picking up the pieces
- VAT liability



Reflections from Fulham Palace

Begin review of governance

Engage specialist lawyer – Lancaster Parr – on ad hoc basis

- Create 'new' Fulham Palace Trust
- Charitable company limited by guarantee
- Community interest company (CIC) trading subsidiary
- Change composition of board appointments
- Replace the 'old' FPT board members
- Change the chairman (ensure key bodies comfortable with appointment)
- Assign all leases
- Transfer all assets
- Agree a ROBUST grant funding agreement (GFA)



Reflections from Fulham Palace

The new FPT Mem & Arts

- Between 3 and 12 with appropriate skills set
- Nirvana of 8 'do-ers'
- Two 3 year terms only then 1 year break
- Appointment or removal of chair by secret ballot
- Council appoint trustees between 1 and 20% of total trust board
- Council right to appoint observers



Reflections from Fulham Palace

The new Grant Funding Agreement

- FPT must support council objectives though its own charitable objectives
- Year-on-year reduction of grant from current level to zero by 2016
- FPT must agree annual service and business plans
- Full step in rights for council in event of mal-administration
- Staff must adhere to effective performance management



Reflections from Fulham Palace

If I had to do it all again...

1. A single 'point-man' to drive things forward
2. Accept that some stakeholders have more stake than others
3. Recognise concerns and ensure they are fully understood
4. Keep it cheap – one good lawyer with proper personal experience
5. Make sure the Mem and Arts are truly fit for purpose
6. Make sure the GFA protects your investment
7. Make sure you have robust (but sensible) step in rights
8. Get a great (smallish) board – build it and they will come
9. Believe in it – what's the worse that can happen?



Reflections from Fulham Palace

A brighter future...?



New ways of working – the Luton experience

**Heritage Change Programme
11 February 2011**

Arts Libraries & Museums

Luton Culture

**Maggie Appleton
Chief Executive**

Luton background

- Active Luton, 2005
- Museums, February 2006
- Libraries and Arts, 2007
- Three services became a registered charity on 1 March 2008

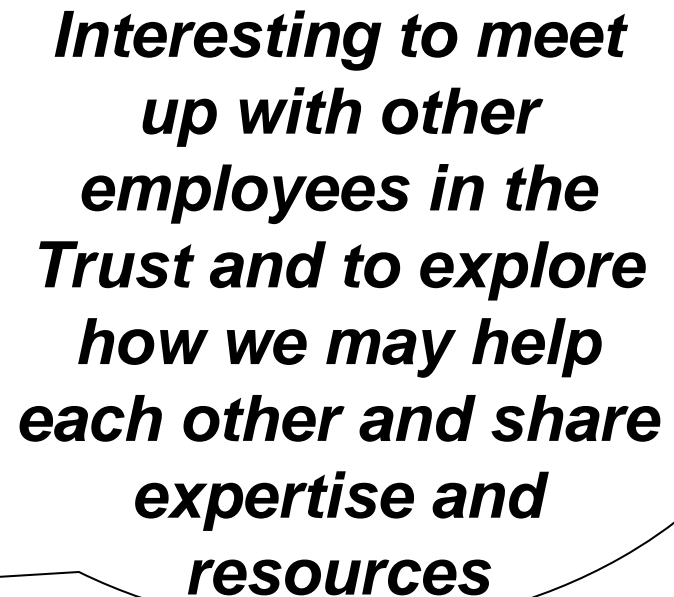


Arts Libraries & Museums

Luton Culture

Advantages

- Clarity of focus
- Fleeter of foot
- Shared resources
- Shared skills
- Shared priorities



*Interesting to meet
up with other
employees in the
Trust and to explore
how we may help
each other and share
expertise and
resources*

Arts Libraries & Museums

Luton Culture

Advantages

- At arms length from the Council
- Invited to the table of key strategic groups as equal
- New partnerships – with the Council, other public sector partners, national organisations and charities
- Council support – do not want us to fail

Opportunities

- Able to reward staff
- Staff feel more involved
 - *“Being able to interact as a team. Real chance for change and improvements for customers and us”*
 - *“We were able to share similarities and differences on how we work as a group entity as well as the challenges we face day to day”*
 - *“Potential that this organisation has!”*

Advantages - financial

- Savings to the local authority - National Non Domestic Rates (NNDR), Luton Airport, annual efficiency saving
- Registered Charity & Trading Company
- Five year funding agreement
- Financial security - of sorts
- Budget our own!

Arts Libraries & Museums

Luton Culture

Advantages – new revenue streams

- Become more self sufficient (50/50 aim)
- Fundraising
- Entrepreneurial opportunities
 - Cafes
 - Retail
 - Exploit the sites (facilities hire, events) and collections (merchandising, charged-for 'added value' charitable activities)

Advantages - new revenue streams - commissioning

- Health
- Stronger communities
- Young people
- Harness our skills and expertise (focus on what we have and are good at)
 - Events management
 - Equipment hire

Arts Libraries & Museums

Luton Culture

Disadvantages

- No safety net
- Complexities of a new company and new charity
- Still tied to the local authority via the service level agreements for services
- Transfer of liabilities
- Regulatory burden

Disadvantages – Financial

- Adequate funding
 - VAT
 - Funding agreement based on RPI
 - Funding agreement can be renegotiated at any time
 - Low interest rates
- Cashflow



Arts Libraries & Museums

Luton Culture

Risks

- Trust and Council disagree – positive relationships essential
- Whose interests do the funding agreements protect?
- Over-governance by Council - must be arms length to
 - Be entrepreneurial
 - Meet charitable and audit requirements
- Appointment of Trustees - recruiting the right Board and the right Chair

Arts Libraries & Museums

Luton Culture

Other issues

- Need the right skills and attitude
- Must have good financial support – Director of Finance key
- Seen by other charities as a threat
- Still being seen as part of the Council



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Luton Culture

Other Issues

- Not a sticking plaster for a failing service or a convenient answer to disposing of a service that the Council is not interested in
- Culture change takes time
- Remember why you're doing this!



Arts Libraries & Museums

Luton Culture

Three years on are we in the right place?



Arts Libraries & Museums

Luton Culture

Maggie Appleton

email: maggie.appleton@lutonculture.com

Tel: 01582 546753



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Luton Culture



Hall Place and Gardens



Danson House



The Bexley Museum Collection



The Bexley Museum Collection



Events at Hall Place and Danson House



Events at Hall Place and Danson House



Weddings at Hall Place and Danson House



Corporate Hospitality at Hall Place and Danson House



Education at Hall Place and Danson House



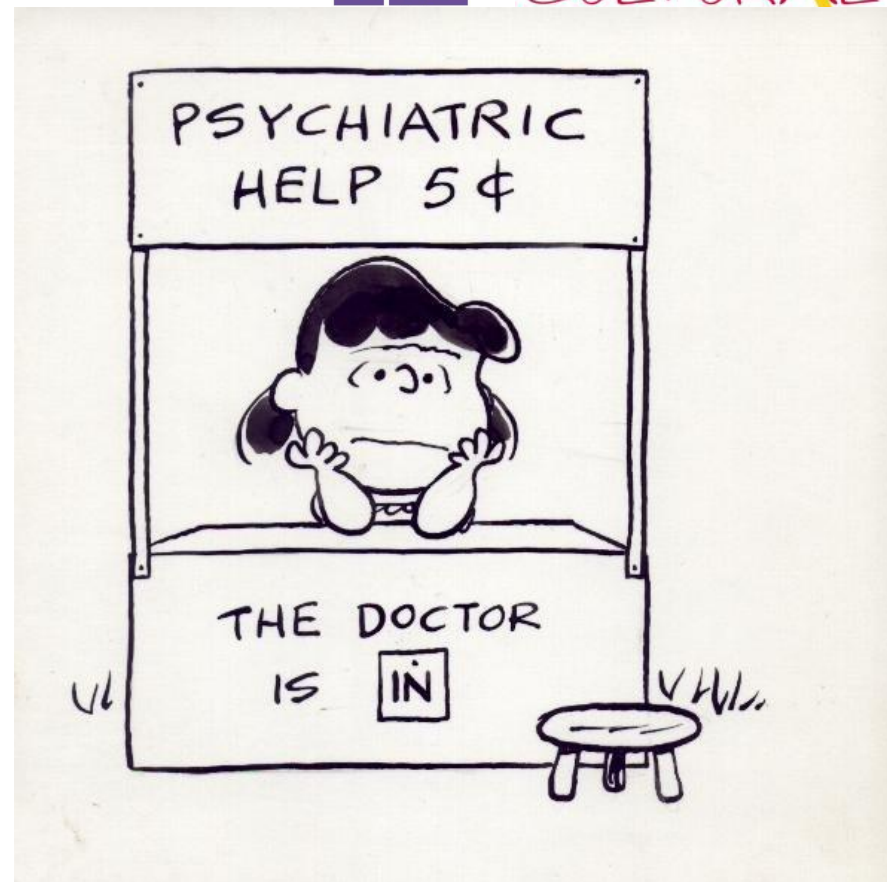
Award-winning



Hall Place and Gardens

Q and A Surgery

- Group discussion to explore issues in greater detail / seek clarification from the speakers
- We will capture your questions and the key points from the discussions.



Summary

Group Discussion

1. What are the two things that you will take away from today back to your organisation?
2. What further information and support you feel you need?



Further Support and Information



Publications:

1. Exploring the trust option for museum services (2008) Renaissance Yorkshire
2. Moving to Museum Trusts: Learning from Experience
Advice to Museums in England & Wales (2006) MLA
3. Delivering Public Services in the 21st Century (2010) Galleries Scotland
4. Trusts for Big Society – the growing role of trusts in the culture, library and leisure sectors – Winckworth Sherwood (2011)

HCP Guidance documents on future management models:

1. Options Appraisal Guidance
2. Business Case Guidance
3. Signposting Guidance
4. Trust Options Guidance
5. Trust Implementation Guidance

Visit <http://bit.ly/gcuv6i> to access these documents once published.



Further Contact

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Coming up....

Heritage Services of the Future

An Introduction to Visioning and Competencies to Transform Your Service

Wednesday 9 March, 2011 10am-4pm

Suitable for:

Officers with strategic and / operational responsibility for both individual heritage organisations and borough-wide Heritage Services.

Delegates will have hands-on experience of applying the unique tools in the HCP Guidance Pack with close support from the HCP consultants. This day-long session will: Provide practical guidance on using the HCP Future Operations Model and Visioning Techniques to create a compelling model of how their Heritage Service could look in the future.

Explore the key competencies identified by HCP for Heritage Services to ensure that their workforce is fit for the future.





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