

Appendix 1

Culture and Heritage VFM Review

Executive Summary

Cherwell District Council

Timetable	Papers Finalised	Meeting Date
CMT	3 December 2010	8 December 2010
Use of Resources	10 December 2010	16 December 2010
Executive	21 December 2010	10 January 2011

Revision History			
Revision Date		Previous Revision Date	Summary of Changes
V1	17 November 2010		1 st Draft
V2	1 December 2010	17 November 2010	Revised staffing table, benchmarking data
V3	2 December 2010	1 December 2010	Revised savings options, sat survey updates, conclusions, further annexes
V4	9 December 2010	2 December 2010	CMT amendments
V5	10 December 2010	9 December 2010	ID amendments on savings options
V6	16 December 2010	10 December 2010	Final amendments on savings options
V7	20 December 2010	16 December 2010	ID further amendments on savings options

Value for Money Review of Culture and Heritage - Executive Summary

1 Introduction

Purpose of this report

- 1.1. Given current financial circumstances, the nature of VFM reviews have changed significantly. Previously, savings identified would be through efficiencies found. This review, while focusing partly on efficiencies, seeks also to identify the full range of savings required of the service covered by the scope of this review.
- 1.2. This report sets out the findings of the Culture and Heritage VFM review with recommendations and options to achieve the approved savings target within its scope of £134,000. The total savings target for the Recreation and Health service is £894,235

Introduction

- 1.3. The scope of the review covers the following elements of the Recreation, Health and Public Protection service;
 - Banbury Museum exhibits historic collections relating to the region, offers a diverse temporary exhibition programme, delivers an education programme to schools and the public for all ages, offers supporting activities, and provides support and an outreach service to local groups and smaller local museums. The Museum also offers professional advice for new heritage developments throughout the District, such as, Bicester Civic Centre, Upper Heyford and RAF Bicester.
 - Local Arts Development exists to improve access to and participation in artistic and creative activities and so support the development of stronger communities and improve the quality of life for residents. Programmes of work helping people to become active in the arts and their community comprise: Youth arts work at the Courtyard Youth Arts Centre and wider Bicester; Developing work with young people and their families; Dance and movement across the age ranges; Oxfordshire Community Touring Network; Provision for public art within new developments; Information & advice to local groups and artists.

VFM Conclusion

- 1.4. The overall conclusion of the review is that the service is **low cost** for the Museum, but **high cost** for its Arts service. It has **high performance** in terms of visitor numbers to the museum. It is **high quality** in terms of user satisfaction.

Legislative Framework

- 1.5. Local authority functions in relation to the provision of entertainment, arts and crafts, theatres, concerts and other such activities are contained in Section 145 of the Local Government Act 1972 ('the 1972 Act'). This section empowers a local authority to provide these services itself or arrange for the provision of the services by a third party and then contribute towards the expenses of a third party or do anything necessary or expedient for the delivery of entertainment or the arts.
- 1.6. Museums are governed by the Public Libraries and Museums Act 1964. Local authority powers in respect of museums are contained in Section 12 of the 1964 Act and are far wider:

They may “do all such things as may be necessary or expedient for or in connection with the provision or maintenance thereof”. Local authorities “may make contributions towards the expenses incurred by any person ... providing a museum or art gallery”.

Cherwell in context

- 1.7. Banbury Museum was founded in 1974 as a partnership with Oxfordshire County Council (OCC). Financial pressure forced OCC to withdraw from the partnership in 1998, and the museum’s collections remain in its ownership. Today, the separate services work closely together as both are mutually dependent; Banbury Museum is a ‘Fully Accredited’ museum, but adopts OCC’s Acquisition and Disposal Policy. This is beneficial for the Cherwell as it does not employ collections staff, instead paying around £23,000 per annum for these services from OCC.
- 1.8. In 1998, Cherwell District Council won a £2.2 million grant from the National Lottery to relocate the Museum to a new purpose-built, town-centre site. In addition it raised a further £250,000 through 58 benefactors on the basis a new museum would operate for a minimum of 25 years. The Heritage Lottery Fund required a contract to protect its £2.2m investment. The 25 year contract with Cherwell District Council (expires 2023), requires the Council to retain ownership, maintain the building and Museum Service, and it binds the displayed loaned collections to the Museum.
- 1.9. Once constructed, both the museum and the museum collection (accumulated by the Council, as a condition of the grant, under minimum 25 year loan agreements with Oxfordshire County Museum Services and British Waterways) were required to remain fully accessible to the general public throughout the period of 25 years beginning on the date of the agreement. No other purpose is permitted under the terms of the agreement until its expiry in 2023.
- 1.10. The Council does not own any arts facilities, so its approach is to work in partnership with professional companies and arts providers to deliver a range of work and projects to further the achievement of the Council’s priorities. Grant aid is made available to support both professional and voluntary & amateur arts organisations.

Staffing

- 1.11. The staffing structure as at 30 June 2010 is set out below;

	Posts	Vacancies
Established Posts	FTE	FTE
Head of Recreation & Health	1.00	0.00
Arts & Visitor Services Manager	0.81	0.19
Arts Development Officer	0.51	-0.11
Arts Officer (South)	0.65	0.00
Arts Officer (North)	0.54	0.00
Museum Services Manager	1.00	0.00
Education Officer	1.00	0.00
Events & Exhibitions Officer	1.00	0.00
Museum Assistant	0.39	0.05
Museum Assistant	0.45	0.00
Museum Assistant	0.36	0.00
Museum Assistant	0.35	0.35
Museum Assistant	0.43	0.02
Exhibitions Assistant	0.47	0.00
	8.97	0.51

1.12. Key points to highlight are;

- A Museum Assistant vacancy within the Museum is being held currently, but existing levels of service are being maintained through other staff working additional hours, funded from the salary of the vacant post.
- A further Museum Assistant post will become vacant in on 31 March 2011 as a member of staff retires
- Additional staff capacity is drafted in to deal with educational visits on an 'as needed' basis.

Expenditure

1.13. The budget and expenditure of the service is set out in the table below.

	2008/2009	2009/2010	2010/2011
	Actual	Actual	Budget
Employee Costs	£337,167	£315,443	£292,301
Premises Costs	£115,962	£63,168	£73,692
Transport Costs	£10,661	£19,623	£7,432
Supplies & Services	£218,409	£146,628	£187,045
Third Party Payments	£91,861	£81,249	£26,552
Support Services	£154,917	£150,255	£81,625
Internal Support Services	£141,578	£76,269	£77,520
Capital Charges	£97,491	£107,497	£100,557
Total Expenditure	£1,168,046	£960,132	£846,724
Other Grants/Reimbursements	-£27,296	-£14,922	-£19,196
Fees and Charges	-£55,160	-£49,032	-£49,317
Rent income	-£7,733	-£9,419	-£3,815
Total Income	-£90,189	-£73,373	-£72,328
Net Expenditure	£1,077,857	£886,759	£774,396

1.14. The net expenditure of the two main components of the budget is as follows;

	2008/09	%	2009/10	%	2010/11	%
Museum	£640,305	59.4%	£551,047	62.1%	£506,437	65.4%
Arts	£437,552	40.6%	£335,712	37.9%	£267,959	34.6%
Total	£1,077,857		£886,759		£774,396	

1.15. An initial analysis shows;

- Combined net expenditure has reduced by £303k (-28.2%) since 2008/09, with combined total expenditure reducing by £321k (-27.2%) over the same period

- Income has dropped by £17.8k (-19.8%) since 2008/09
- Arts can be shown to have reduced to a greater degree than Banbury Museum (£169k compared to £134k) with a result that the proportion of overall spend between the two has altered from 41% / 59% to 35% / 65%
- The Museum's budget was reduced substantially in 2009/10 by savings achieved through procurement, efficiency measures and through staffing reductions. including closure on Sunday; single staffing in the afternoon from Monday – Friday; and delayed opening throughout the week, from 9.30 to 10am. The consequence of these changes was reduced access to services, although quality was maintained.
- Capital depreciation of £100k is allocated to the Museum budget. The NNDR payable on the site (£66,000, but rising to £80,145 in 2010/11) is split 50:50 between the TIC and the LinkPoint office. Currently no NNDR is directly payable by the Museum from its own cost centres.

'Building Blocks' savings

- 1.16. Below is a list of the other blocks covered by this review, together with their status and savings target;

Block No.	Description	Scenario/ Status	Total Saving
20	Reduction in Arts grants	Exec approved	£32,000
21(a)	Partial reduction in Museum staff hours	Exec approved (Reserve)	£33,000
21(b)	Full closure of Museum	Worst case only	£315,000
21(c)	Transfer museum to a trust or not-for-profit organisation with TUPE of staff	Worst case only	£100,000
30	Reduction in Arts service staffing	Exec approved (Reserve)	£69,000

- 1.17. This brings the current approved savings target for the service to £134,000. Of this, £102,000 is classed as 'reserve' in that the specific savings options have not been built into the MTFS.

2 Findings from the Review

- 2.1. RA 2010/11 data has been used as a starting point for financial analysis, but with bespoke benchmarking carried out for both the Museum and Arts Development. Resident satisfaction and budget consultation data has been used alongside specific audience research data for the museum. DCA consultants have been used to provide independent advice on future governance options for the museum.

Residents' satisfaction and budget consultation findings

- 2.2. Banbury Museum has commissioned its own audience research; a 2004 survey designed and analysed by Cardiff Arts Marketing and a 2008 survey from Audiences South. This audience research paints a similar picture of very high satisfaction levels from an audience drawn from North Oxfordshire.
- 2.3. The following headlines can be drawn from the combined findings of the research.

- Only 20% travel for more than 25 miles to visit Banbury Museum. The audience is predominantly local with 65% travelling less than 12 miles (2004 data).
- To the question 'I have really enjoyed my visit to the Museum' 91% either strongly agreed or agreed (2004 data).
- 88% stated The Museum is a real asset to the Town of Banbury (2004 data)
- Museum users include residents from the geographically close postcodes OX17, NN11, and NN13, which fall partially in the South Northants District. This trend is confirmed in 2010, with 10% of visitors possessing an NN postcode.
- Audience research shows that many users visit repeatedly, so it is difficult to conclude what percentage of Cherwell residents visit Banbury Museum at least once per annum.

2.4. Satisfaction surveys undertaken during 2010 have reinforced this very positive position;

- 98% considered that their visit to the Museum was either 'Excellent' or 'Good', with only 2% finding it 'Satisfactory'. The same level of satisfaction was found for activities provided by the Museum. The Museum café was considered either 'Excellent' or 'Good' by 85% of visitors.
- Analysis of visitor origin data confirms that the majority of people (62%) travel less than 25 miles to visit the museum.
- Recent evaluation feedback on educational visits (between September and November 2010) is overwhelmingly positive, with comments such as "there was something for everyone", "we are thinking of basing our next topic around something at the museum" and "the whole thing fitted perfectly with our topic".

2.5. The council's annual budget consultation exercises have produced consistent and contrasting results to the positive satisfaction data for the Museum, with it receiving the lowest priorities for any additional investment. The 2010 exercise saw the public voicing their concerns about its cost and perceived effectiveness;

- Respondents taking part were apathetic towards Banbury Museum, with many believing it to be an unnecessarily large drain on Council resources. Consequently, this service was targeted as an area for further savings.
- A number of respondents believed that the Council were not making the most of the cafe, which they felt should be run more profitably (perhaps through increasing custom by moving it 'upstairs' onto the shopping level), which would in turn help to fund the running of the museum.
- Others questioned the appeal of visiting a museum in Banbury, when there are 'bigger and better' alternatives in the likes of Oxford and Stratford-upon-Avon.
- Again, Cherwell residents outside of Banbury were particularly dissatisfied with the Banbury Museum, questioning why it had to be funded by the District Council rather than the Town Council. Alternatively, they believed it should be renamed 'Cherwell Museum' – an issue that evoked surprisingly strong opinions.
- Reduced opening hours were thought to be acceptable, particularly midweek when people were sceptical about the number of tourists who were likely to be visiting the town.

2.6. By contrast the same consultation exercise produced very different results for the Local Arts Development Service;

- Although slightly more polarising, funding for Arts was an area where many felt that funding should be protected in order to maintain a choice and balance of activities available to residents in the District.

- However, reallocation of funds within this area was thought to be required, with an increased emphasis on maintaining (and possibly increasing) programmes and activities in centres such as the Courtyard Youth Arts Centre and The Mill Arts Centre rather than rural events. The thinking behind this was that providing better programmes in a number of central locations would probably make the arts more accessible than supporting a number of small events in rural locations.
- Respondents were also of the opinion that community groups were often passionate and resourceful enough to be able to hold their own events independently, so where possible, the awarding of grants should be used to incentivise more community driven programmes.

CIPFA Expenditure Comparisons

- 2.7. The RA (Budget) comparative position of the Service against its CIPFA family comparator authorities for 2010/11 is as follows

RA 2010/11 CIPFA Family Comparisons	Culture & Heritage (RA line 501)	Expenditure per head	Relative Family Rank
Aylesbury Vale	£1,404,000	£7.98	4
Basingstoke and Dean	£2,375,000	£14.69	1
Braintree	£349,000	£2.46	11
Cherwell	£720,000	£5.21	9
Chelmsford	£1,176,000	£7.04	5
Colchester	£2,634,000	£14.55	2
East Hertfordshire	£892,000	£6.58	6
Eastleigh	£266,000	£2.20	12
Harrogate	£893,000	£5.56	8
Maidstone	£1,491,000	£10.25	3
Test Valley	£677,000	£5.87	7
Tonbridge and Malling	£93,000	£0.79	13
Vale of White Horse	£607,000	£5.19	10

- 2.8. An analysis shows Cherwell is only the 9th highest spender out of 14 authorities, spending 22% below the average of comparator authorities (an equivalent of £201,604 less expensive) and 3% above the lowest quartile cost (an equivalent of £23,720 more expensive)
- 2.9. However, this analysis fails to consider significant differences in provision, which may lead to widely differing costs. Bespoke benchmarking of Arts and the Museum was undertaken as part of the review to develop more meaningful comparisons.

Benchmarking of Banbury Museum

- 2.10. No national financial benchmarking of museums is currently undertaken. The Review established its own benchmarking based on selecting larger museums from within CIPFA comparator authorities and also including other purpose-built or newer museums that were broadly comparable with Banbury Museum, and were council-run, run via trusts or used entry charging. A total of 14 museums were approached to participate in the exercise, with six providing data. Annex 1 summarises the results of the benchmarking.
- 2.11. Performance comparisons that could be drawn from the data were as follows;
- Banbury museum has a significantly higher level of annual visits at 215,477 compared to the average of 86,558 for comparator museums. This is thought to be due in part to its town centre location with a retail entrance, but also the close relationship with the Tourist Information Centre which guides visitors into the museum.

- It has the lowest level of FTEs per 10,000 visitors (0.26FTE compared to an average of 2.15 FTE), due in part to its unique arrangement with Oxfordshire County Council for its collections. If it was to employ an equivalent level of staffing it would require 41 FTEs.
 - It is the only museum to make no use of volunteers, compared to an average volunteer to staff ratio of 2.86. If it used this average ratio, Banbury Museum would have at least 15 volunteers. Use of volunteers has been inhibited until recently by the lack of a council volunteering policy and associated procedures, but these are now in place.
- 2.12. Cost comparisons that could be drawn from the data were as follows;
- Banbury museum had the lowest cost per visit at £1.08, 88% lower than the average of £9.16 per visit. At an equivalent cost per visit Banbury Museum would cost the council £1.9m per annum.
 - Staff cost per FTE was around the average at £32,499
- 2.13. The conclusion from the benchmarking is that Banbury Museum is high performing, cost effective and offers good value for money for residents.

Benchmarking of the Arts function

- 2.14. No national financial benchmarking of local arts services is currently undertaken. Thirteen authorities were approached to provide data on their arts service. Of the 13 one was not able to provide a response, four provided data on spend that excluded salaries (and so were not comparable for overall expenditure) and one had only a gallery. Four authorities no longer funded an Arts function. Annex 2 summarises the results of the benchmarking.
- 2.15. Eastleigh and Basingstoke were discounted from some of the analysis they own arts venues and so have significant expenditure/income. Basingstoke has a £1.7m grants budget for the arts.
- 2.16. Of the data available comparisons can be drawn as follows;
- Of the six comparable authorities that still had a council-funded arts function Cherwell was the most expensive at £1.98 per head of population, 152% higher than the average of £0.77. This equates to a spend of £161,610 above the average.
 - Cherwell had the 2nd highest level of arts grants per head of population at £0.82; 186% higher than the average of £0.29. This equates to a spend above average of £74,156.
 - Cherwell had the 3rd highest level of staffing at 0.13 FTE per 10,000 population, but this was below the average of 0.16 FTE due to a high staffing provision in Test Valley (9 FTE). If this is discounted from the calculations, Cherwell has the 2nd highest level of staffing, 51% above the (revised) average of 0.09 FTE. This equates to 0.61 FTE above the average.
 - Some authorities have high levels of income to offset their expenditure; two made active use of s106 contributions for public art, and three received revenue from ticket sales on venues they owned.
- 2.17. The conclusion from the benchmarking is that Cherwell's arts development function is high cost and has above average provision for staffing and grants. To reduce Arts provision to an average spend would require a reduction in the current budget of £268,000 by over £161,000, leaving around £107,000. Once support service recharges of £60,000 are removed this equates to a budgetary provision of just £47,000. This would fund only one part time Arts Development Officer with a small budget of £15,000, and no grant funding for any Arts venues or groups. This is set out as Option 3 in section 3: Options for Change.

Local Arts Development Budgets

- 2.18. The Local Arts Development Service comprises three cost centres with a combined net expenditure of £268,000. The largest component of this is £114,000 of grants and other financial support to arts organisations, making up 43% of the total expenditure. Of this, £82,376 (72% of total grants) is committed to two organisations through funding agreements.
- 2.19. Other main areas are staff costs at £71,000 (26%) and support service recharges at £60,000 (23%).
- 2.20. Arts Development – budget £100,785
- The majority of this budget is support service recharges (£43k) and staff (£36k). The approach adopted for Arts Development is to respond to identified needs or concerns and develop alongside communities, groups and individuals a response or improvement through the arts. This instrumental approach is about using the arts and artists as a tool, and not funding individuals to undertake a personal development in an art form
 - A wide range of activities is provided, all through contributions to others to stage events or programmes. Examples include Banbury Canal Day, Creative Bretch Hill, 'Movies on the Move' and music into care homes. Increasingly, other service budgets are being used to supplement this provision, such as the engagement activities around the No Place Like Home project (using Housing funding) and the Old Town Party to celebrate the opening of the Banbury Town Centre Pedestrianisation scheme (using Regeneration funding)
 - Financial provision for this activity is made by utilising budgets for advertising, printing, stationery and subscriptions to create a combined funding 'pot' of just over £20k.
- 2.21. Arts Grants – budget £83,303
- Grant aid is made available to support both professional and voluntary arts organisations using a budget of £70,381 (2010/11). Of this, £38k is committed to The Mill Arts Centre, Banbury, £26k to other professional arts organisations through a scored bid process, and the £5k remainder through small arts awards to support voluntary groups and festivals.
 - Funding for The Mill, is provided as part of a rolling agreement each year for the following three years for provision of a range of arts activities in the District. Along with other venues (St Mary's Church, The Mill, The Courtyard Centre, the Theatre Chipping Norton) this creates a 'hub' of arts provision across the district.
- 2.22. The Courtyard Centre has a budget of £83,871. The Council's financial provision to The Courtyard is linked to a 20 year agreement relating to the redevelopment of the facility as the Courtyard Youth Arts Centre (CYAC) through Arts Council lottery funding. This agreement records a clear, binding legal relationship between the parties to it. The Council's contribution under the agreement is (subject to any RPI adjustment) £30,000 per annum over 20 years commencing 1 September 2000 and also employing an Arts Officer over the lifetime of the agreement, and for paying costs associated with that Officer's use of the Centre. OCC's own contribution is £80,000 per annum plus employment of a Centre Co-ordinator, and Bicester Town Council must contribute £10,000 per annum. Current District Council provision under this agreement is £43,901.
- 2.23. The Council is also responsible for employing an Arts Officer over the lifetime of the agreement, and for paying costs associated with that Officer's use of the Centre (e.g., telephone). There is no provision in the agreement permitting termination by written notice on any date earlier than 31 October 2020, although there is provision for 5 yearly reviews.
- 2.24. The Council must therefore maintain its contribution to The Courtyard - in cash and other resource - until October 2020 or for so long as each and every part of the CYAC continues to be used as a youth arts centre. 'Youth arts centre' isn't defined and neither does the agreement provide any detail as to the manner in which this might come about. Nevertheless,

if any part of the site becomes something other than a youth arts centre then the agreement will forthwith determine.

- 2.25. Oxfordshire County Council has announced recently that it intends to change the nature of service provision at The Courtyard as part of forthcoming budget proposals on services for young people. This, effectively, will make The Courtyard one of seven 'hubs' for service provision across the county, providing early intervention services focusing on children, young people and their families in most need. It is intended that the Hubs will continue to offer evening and weekend sessions to young people. The County Council will make final decisions on this issue when their budget is determined in February 2011.

Option to close Banbury Museum

- 2.26. The current 'worst case scenario' savings options considered and approved by the Executive include the full closure of the museum, with an estimated saving of £315,000 per annum. The Review has considered this option alongside other savings options.
- 2.27. As explained in paragraphs 1.8 and 1.9 above, the continued operation of the museum is bound up with the funding agreement for its construction through the National Lottery grant. The circumstances demanding repayment of the original grant, which will apply until the agreement expires in 2023, include (i) failure to use the museum for the purpose described in the Council's original grant application (i.e. as a public museum) (ii) a material change in status of the Council and (iii) failure to comply with the terms and conditions of the agreement, although grant may not be required to be repaid if, in the case of (i) or (ii) above, such is preceded by a resubmitted grant application approved by the National Heritage Memorial Fund.
- 2.28. The sum involved for any such repayment would be the greater of the total amount of grant advanced originally to the Council or, on any sale of the museum in breach of the agreement, a share of the net proceeds of sale.
- 2.29. NHMF could, of course, be approached for consent to an unconditional sale of the site, but since the essence and spirit of this agreement, as enunciated by the NHMF, is that *the [Council] will arrange for the general public to have full appropriate access to the Property and [and] will ensure that no person is unreasonably denied access to [it]*" the granting of any such consent is, it is considered, improbable.
- 2.30. The building was purpose-built as a museum, and as such has no obvious alternative uses; few would require a building without windows, and to create windows in the elevations would destroy the design, and probably require full re-cladding of the building. The Head of Regeneration and Estates is not confident the Council would find another user willing to acquire the property, assuming the Council's landlords, Scottish Widows PLC and Scottish Widows Unit Funds Limited, consented to any such sale.
- 2.31. The site is fairly small, and its redevelopment potential is also small at present. This may make it difficult to generate a positive site value. However, should the Banbury Cultural Quarter require reconsideration, and this site was redundant, its redevelopment might form a useful part of a wider scheme.
- 2.32. As there is little chance of resale, closure of the museum would require the full repayment of the £2.2m Lottery grant and the additional £250,000 from other benefactors, requiring a capital investment of £2.45m for repayments. A cost benefit analysis shows that it would take 8½ years for the cumulative annual saving to exceed this level of capital if invested in a bank account (See Annex 3).
- 2.33. Further to the financial arguments, closure of the museum would represent a loss of benefit to the local community and may be seen as a wasteful exercise given the fairly recent construction of the facility specifically for a museum.

- 2.34. A clear conclusion to draw from this analysis is that closure of the museum to create revenue savings does not represent good value for money or good publicity for the council. A decision not to close at this time does not preclude the decision being taken at a later date should any redevelopment opportunities present themselves for the area.

Opportunities for partnership working

- 2.35. The review identified opportunities for additional project work and associated income arising from partnership working both within the County and outside. The Banbury Museum is in a good position to exploit these given its (current) flexible staff capacity, although there is no guarantee these opportunities will be realised or offered to the council.

South Northants

- 2.36. There are three heritage projects in which South Northants have, or are likely to have, a financial interest; Towcester Museum, The Bury Mount Development and The Northamptonshire Heritage Centre. However, a Heritage and Leisure post was deleted from their establishment some 18 months ago, leading to a shortfall in professional capacity.
- 2.37. All the above projects require professional input, which South Northants lack but Cherwell currently has. If in the future we reduce the level of service to Cherwell residents, we would be in a position to offer the services required to South Northants. It would seem that South Northants are/are planning to spend money on a range of heritage projects. This investment could be in a 'joint heritage service'. Therefore, one could argue that there is a business case to deliver a single heritage service across both districts, and this could be pursued as part of closer working with South Northants.

Oxford University Museums Core Status

- 2.38. Renaissance Funding for museums is changing. There have been 44 museums supported through this funding, but in 2011 this will be reduced to approximately 10 core museums. Oxford University want to be a core museum, but can only be so by demonstrating partnership with their local authority partners.
- 2.39. A Local Heritage Partnership of the Oxford University, Oxfordshire County, and Oxfordshire District museums has been formed around delivering a Local Heritage Strategy for the County to meet the needs of its residents. This will also satisfy the requirements for a Core museum partnership.
- 2.40. Should the core museum application be successful it is likely that the Local Heritage Strategy will generate funding for projects that deliver agreed countywide objectives, and will need to be in part delivered by the Museum using its professional capacity. The date for submissions is still to be announced, but it is expected to be in January 2011. This new funding stream should provide support for specific time-limited projects which meet the Councils corporate objectives. It will not support establishment costs.

Option to pursue trust status for Banbury Museum

- 2.41. There are 410 principal local authorities (i.e. excluding town, parish and community councils) in England and Wales. Of these, in September 2005, when Renaissance looked at their governance 142 councils (35%) made no direct museum provision; and of the 268 that did:
- 204 (76%) delivered some or all of those services directly;
 - 40 councils (15%) did this through joint arrangements with other local authorities, including joint committees;
 - 23 councils (8%) had devolved, or were in the process of devolving, their museum operations, in whole or part, to museum trusts;

- three councils had outsourced their operations to culture/leisure trusts; and
 - two had contracted-out their operations to a commercial operator.
- 2.42. Since this date there has been an accelerated increase in movement to Trust status as local authorities and their museums seek to reduce costs and ensure continuity of service provision.
- 2.43. Trust status is a generic term for arranging for the delivery of the Museum's services by a Non Profit Distributing Organisation (NPDO), which can take a number of different legal forms, including an unincorporated charitable trust, a company limited by guarantee, a community interest company and a charitable incorporated organisation. The main advantages of Trust status are seen to be;
- An automatic 80% reduction in NNDR, with a further 20% discretionary reduction by the local authority
 - opportunities to benefit from the fiscal advantages of charitable status and to increase income through commercial activity and sponsorship
 - A greater ability for the organisation to control its own destiny
 - Continued participation by the local authority (through trustees) plus wider community involvement
- 2.44. A study and options appraisal into possible governance arrangements for Banbury Museum was undertaken by DCA Consultants as part of a wider project commissioned (and funded) by the MLA through the Renaissance programme to offer bespoke advice to ten museums in the South East of England. This work was organised to coincide with the timetable for this Review. A copy of the DCA initial report is attached as Annex 4, with a summary of its findings set out below.
- 2.45. The options explored for the future governance of the Museum
- Continued local authority operation ("as is").
 - Transfer operation of the Museum to a bespoke, stand alone Trust developed for the purpose.
 - Transfer operation of the Museum and Tourism Information Centre to a bespoke Trust developed for the purpose (with the TIC and Linkpoint moving out).
 - Transfer operation of the Museum to an existing larger Trust or a new Trust created to operate more than one museum or heritage site.
 - Closure of the museum
- 2.46. The "As Is" and Closure options were discounted by DCA. Of the remainder, the option favoured was the creation of a Trust to include the Tourist information Centre. The particular advantages of this option are seen to be;
- A cost reduction of over £183,000 per annum over the possible cost of continued council operation of the museum from the year of incorporation (2013/14). This is set out in Annex 5.
 - The opportunity to claim 80% NNDR relief on both the main museum building and the front of house operation that includes the Tourist Information Centre and Linkpoint office. This could amount to £64,000 should it be possible to persuade the district valuer that these front of house services are part of the Trust, or (in the case of LinkPoint) do not have exclusive occupation that would require a separate rating.
 - A continuation of the close relationship with the TIC as a front office for the museum, a museum shop and booking office and retaining the current occupation of the front of house operation.

- In the opinion of DCA “..the potential to make savings up to £183,000 across direct subsidy and central/departmental recharges whilst enabling the Museum to explore and develop new activities and potential income for the future presents a significant opportunity”.
- 2.47. The principle source of finance for the Trust would continue to be the council, although its new status would allow it to seek additional income from alternative sources such as donations and fundraising. A conservative estimate by DCA is estimated to be in the order of £15,000 per annum. However, this is a guide figure only and could be higher or lower in reality.
- 2.48. Other than the NNDR savings, the modelled savings largely rely on discontinuing the current central recharges which amount to £170,000 per annum (some 25% of net expenditure). An assessment of the provision required for an independent Trust operation in terms of the support capacity it actually needs is in the order of £60,000. However, since this saving would rely upon the re-allocating or reducing the current recharge it does not represent a net saving to the council as presented.
- 2.49. There is certainly scope for reduced levels of central recharges as part of ongoing reductions to support costs, and it may be possible to phase in such reductions over a longer period to allow the council to adapt (financially) to not supporting the museum. This would need further work to model properly.
- 2.50. The option to pursue Trust status as part of a wider group of organisations or centres has also been explored as part of the review. The view of DCA is that it is likely, in the future, that larger trusts may form that will be able to take on smaller museums, but this is not an option currently open to Banbury Museum. Discussions have commenced with countywide heritage partners, but they are not yet at a stage where a decision could be reached to pursue this. Any decision to proceed with a Trust focused only on Banbury Museum would not preclude joining a larger trust at a later stage.

3 Conclusions

- 3.1. The conclusions that can be drawn from the evidence gathered are as follows;
- Both Arts Development and the Museum have made continued reductions in expenditure to date without significantly affecting levels of service. Further savings are possible but these cannot be made without impacting on service and outcomes.
 - Public opinion on the museum is mixed; users have high levels of satisfaction, but Cherwell residents in general have concerns about its cost and effectiveness. Audience levels are high with many people drawn from outside the Cherwell district. More could be done to make museum services relevant to residents in Bicester and Kidlington.
 - The Museum can be shown to offer excellent value for money for residents, with a very low cost per visitor. This is driven by the unique collections arrangements it has with Oxfordshire County Council leading to very low staffing levels, along with high visitor numbers from its town centre location and TIC encouragement for visitors.
 - A publicly funded Arts service is valued by residents, with support for the approach to funding of a focus on hubs of activity and incentivising community-driven arts programmes. However, the service is high cost and contrasts with practice in some authorities where such funding has been discontinued. The level of grants currently awarded is particularly high.
 - The County Council proposes to change the nature of the operation of The Courtyard away from youth arts centre into more general young people and families’ service provision. Although it is intended that the Hubs will continue to offer evening and weekend sessions to young people, so far as The Courtyard is concerned this significantly alters the

scale and to a lesser extent the nature of arts provision as agreed, but this is still subject to negotiation with OCC and the Arts Council Lottery Unit.

- Opportunities exist for greater partnership working and with this some 'insourcing' of additional work for the Museum, but these would rely on maintaining existing levels of professional capacity and cannot be relied upon as future sources of income.
- There is insufficient use made of volunteers at present putting the council out of line with other authorities. This could help bolster front of house services at a time of budget pressures.
- Moving to Trust status for the Museum would enable it to exploit other sources of funding and make savings of at least £64,000 in the costs of its operation. The scale of savings could be significantly increased if it were possible to reduce or eliminate central support recharges.

3 Options for Change

- 3.1. Three options are presented that provide for total (potential) savings of £244,853 as follows;
- Option 1 – savings of £92,861 in Banbury Museum which will require reduced working hours for museums staff, reductions in operational budgets and a move to Trust status
 - Option 2 – additional savings of £90,269 in Arts Development (making a total saving of £183,130) which will require reduced hours for staff, the elimination of grants to voluntary bodies, reduced funding for The Courtyard, and a reduced operational revenue budget.
 - Option 3 – additional savings in Arts Development of £61,723 (making total savings of £244,853 overall and £151,992 in Arts Development) through the deletion of two posts and the elimination of all funding for The Mill.

Option 1 – Banbury Museum

- 3.2. Savings of £92,861 are possible through scaling back the capacity of the service without reducing the number of staff. Reductions in front of house museum activity will protect the level of professional staff to exploit possible partnership opportunities while maintaining the current opening hours and service to the public. Moving to Trust status will enable savings in NNDR and allow the service to have a greater determination of its own direction.

Option 1 Savings	Amount	Building Block	Year	Comment
Introduce single staffing at the Museum; Monday to Friday	£9,560	21(a)	2011/12	Savings would be achieved through the reduction of 3.75 hours for four staff
Introduce single staffing on Saturday	£3,825	21(a)	2011/12	Savings would be achieved through the reduction of front of house hours by 6
Reduce Museums exhibitions budget by 58%	£5,376	21(a)	2011/12	The current budget is £9,476. Exhibition programme costs will be reduced through reduced "bought in" exhibitions, the use of 'no cost' exhibitions (such as the Graduate Art Show); use of existing stored collections for 'spotlight' shows; county touring exhibitions; low cost exhibitions.
Reduced Museum operational costs	£10,100	21(a)	2011/12	Savings of £5,000 would be achieved through reductions in the use of County Museum Service technical support; reductions in materials required for (fewer) exhibitions, the use of in house staff to deliver education programmes rather than external contractors, and increases in school charges. The balance of unused staff hours from a deleted post following retirement and moving to single staffing will result in a saving of £5,100 p.a.
Move to Trust status for Museum	£64,000	21(c)	2013/14	Moving to Trust status allows the Museum and (likely) the TIC area to be entitled to 80% charitable relief on the current NNDR of £80k. The operating costs for a stand-alone trust could be significantly less, but these would be dependant on the current central recharges of £170,000 being eliminated or significantly reduced, which would require reductions or reallocations across the council and so would not result in a net benefit. The benefits to the council and the Museum of moving to Trust status are far greater than the financial savings

Option 2 – Arts Development

- 3.3. Savings of £90,269 are proposed to reduce overall spend per head on Arts to bring it more in line with spend in comparator authorities. This would reduce the overall hours of staff and reduce their operational revenue budget, with no grant funding provided to anything other than The Mill, Banbury.

Option 2 Savings	Amount	Building Block	Year	Comment
Remove the majority of Arts grant funding	£31,906	20	2011/12	This would end grant aid support for all provision other than The Mill, Banbury and The Courtyard, Bicester.
Cease core service funding to The Courtyard, Bicester	£38,000	30	2011/12	Preserves the officer input which assures contribution from the Town Council, and a small project budget of around £6,000 for use at the site
Reduce Arts Officers hours	£15,108	30	2011/12	Reduce hours of the Arts Development Officer and two Arts Officers by 17 in total (to 43) per week
Reduce operational revenue budget	£5,255		2011/12	Would reduce available revenue funding by 26% which would limit the number of activities that could be supported or facilitated in the District

Option 3 – Arts Development

- 3.4. Further savings of £61,723 would be required to reduce overall spend per head on Arts to bring into line with spend in comparator authorities. This would reduce the overall provision to one part time Arts Development Officer only and no grant funding.

Option 3 Savings	Amount	Building Block	Year	Comment
Delete a part-time Arts Officer (South) post	£10,609	30	2011/12	Based at the Courtyard. This would impact on the ability to facilitate development work, promote youth arts activity and support others to put on events and on the wider department. Would also result in withdrawal of funding by the Town Council to The Courtyard
Delete a part-time Arts Officer (North) post	£12,639	30	2011/12	This would impact on the ability to facilitate development work, promote youth arts activity and support others to put on events and on the wider department
Remove all funding for The Mill	£38,475		2013/14	Along with other savings options this is the only realistic way to achieve the £160k reduction in Arts funding provision overall

4 Recommendations

- 4.1. In order to meet the building blocks savings target of £134,000 and reduce the cost of Arts provision to average it is necessary that options 1 and 2 be pursued (saving a total of £183,130). This will involve;
- Scaling back the capacity of the Museum service without reducing the number of staff through reductions in front of house museum activity, protecting the level of professional staff to exploit possible partnership opportunities while maintaining the current opening hours and service to the public.
 - Reducing the Museum's exhibitions budget and operational costs by a total of £15,476
 - Moving to Trust status by 2012/13 to enable savings in NNDR and allow the service to have a greater determination of its own direction
 - Reduced hours in one managerial post and two part-time Arts Officer posts
 - Reducing the level of arts grants by £31,906 ending grant aid support for all provision other than The Mill
 - Cease core service funding to The Courtyard, saving £38,000, but retaining dedicated officer support together with a small project budget for use at the site
 - Reducing the operational budget for arts provision by £5,255 (26%)
- 4.2. Option 3 is not recommended. However, if Members wish to bring the spend per head of Arts Development in line with comparator authorities, additional savings of £61,723 would be required through pursuing option 3. This will involve;
- The elimination of all Arts grant funding to venues and voluntary bodies
 - The deletion of two Arts Officer posts, leaving just one part-time officer
- 4.3. It is not recommended that closure of Banbury Museum is pursued as the business case is weak and leaves the authority with a redundant building that would be difficult to let, to sell or redevelop
- 4.4. It is recommended that the Museum makes full use of the council's new volunteering policy to strengthen its overall capacity, in line with other authorities

Museum benchmarking summary

Museum	Annual visits (2009/10)	Online visits	Total cost	Staff cost	FTE	Volunteers	FTEs per 10,000 visits	Rank	Cost per visit	Rank	Staff Cost per FTE	Rank	Vol to Staff ratio	Rank
Banbury Museum	215,477		£233,371	£176,914	5.53	0	0.26	7	£1.08	7	£31,992	3	0.0	7
Maidstone Museum and Art Gallery	67,549	29,952	£541,670	£428,130	17.50	90	2.59	3	£8.02	5	£24,465	5	5.1	2
Chelmsford Museum	43,972	9,912	£547,518	£412,186	11.50	40	2.62	2	£12.45	2	£35,842	2	3.5	3
Stroud	43,979		£450,736	£300,300	10.20	1	2.32	4	£10.25	4	£29,441	4	0.1	6
Wycombe	25,576	12,829	£385,000	£190,000	5.04	45	1.97	6	£15.05	1	£37,698	1	8.9	1
River and Rowing Museum	107,000	68,500	£1,130,000		24.00	36	2.24	5	£10.56	3			1.5	4
Reading Museum	102,354	303,468	£683,295		31.00	26	3.03	1	£6.68	6			0.8	5
Cheltenham Museum and Art Gallery														
Average	86,558	84,932					2.15		£9.16		£31,888		2.86	
Cherwell difference	128,919						-1.89		-£8.07		£104			
Costed	149%						-41		-£1,739,539		£575		15.79	

Arts Development benchmarking summary

Local Authority	Population	Net Budgeted Expenditure	Income	Grants	Arts Staff (FTE)	Expenditure £/pop	Rank	Grants £/pop	Rank	Staff per 10,000 pop	Rank
Cherwell	138,200	£268,000	£9,196	£114,000	1.8	£1.94	1	£0.82	2	0.13	2
Vale of White Horse	116,900	£32,920	£7,000	£0	0.5	£0.28	5	£0.00	9	0.04	8
Aylesbury Vale	176,000	£124,000	£10,000	£17,500	2.0	£0.70	3	£0.10	5	0.11	3
Tonbridge & Malling	117,100	£71,500	£9,000	£0	0.4	£0.61	4	£0.00	9	0.03	9
South Northants	88,200	£15,000	£5,000	£3,500	0.6	£0.17	6	£0.04	8	0.07	7
South Cambs	142,400	£130,000	£24,000	£40,000	1.0	£0.91	2	£0.28	3	0.07	6
Basingstoke	161,700	£20,000	£0	£25,000	1.8	£0.12		£0.15	4	0.11	4
East Herts	135,500	£27,000	£0	£12,000	1.0	£0.20		£0.09	6	0.07	5
Malvern Hills	74,800	£13,500	£0	£6,000	1.0	£0.18		£0.08	7	0.13	1
Test Valley	115,400	£20,000		£185,000	9.0	£0.17		£1.60	1	0.78	1
Eastleigh	121,000	£820,000	£440,000	£0	28.0	£6.78		£0.00	9	2.31	

Average		£0.77		£0.29		0.09
Cherwell difference		£1.17		£0.54		0.04
Percentage		152%		186%		51%
Costed		£161,610		£74,156		0.61

Ashford	No response
Braintree	No longer has an arts service
Chelmsford	No longer has an arts service
Colchester	No longer has an arts service
Harrogate	Only has a gallery
Maidstone	No longer has an arts service

Museum Closure cost benefit analysis

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Break even 2019/20	2020/21	2021/22	2022/23
Capital investment (loan repayment)	£2,450,000	£2,156,350	£1,878,177	£1,610,854	£1,337,969	£1,056,216	£765,305	£464,940	£154,813	-£165,393	-£496,006	-£837,362
Payback - Annual Saving	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£315,000	-£314,999	-£314,998
	£2,135,000	£1,841,350	£1,563,177	£1,295,854	£1,022,969	£741,216	£450,305	£149,940	-£160,187	-£480,393	-£811,005	-£1,152,360
Opportunity costs												
Invested capital sum interest	£21,350	£36,827	£47,677	£42,115	£33,246	£24,090	£14,635	£4,873	-£5,206	-£15,613	-£26,358	-£37,452
Balance Carried Forward	£2,156,350	£1,878,177	£1,610,854	£1,337,969	£1,056,216	£765,305	£464,940	£154,813	-£165,393	-£496,006	-£837,362	-£1,189,812
Interest rate	1.00%	2.00%	3.05%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Cumulative saving	-£315,000	-£630,000	-£945,000	-£1,260,000	-£1,575,000	-£1,890,000	-£2,205,000	-£2,520,000	-£2,835,000	-£3,150,000	-£3,464,999	-£3,779,997
Cumulative interest earned	£21,350	£58,177	£105,854	£147,969	£181,216	£205,305	£219,940	£224,813	£219,607	£203,994	£177,637	£140,185
Cumulative capital	£2,471,350	£2,508,177	£2,555,854	£2,597,969	£2,631,216	£2,655,305	£2,669,940	£2,674,813	£2,669,607	£2,653,994	£2,627,637	£2,590,185



Cherwell District Council

The future governance of Banbury Museum - options appraisal

1 Background to the study

1.1 MLA Renaissance Governance Consultancy

This study and options appraisal has been carried out by DCA Consultants, as part of a programme of bespoke governance consultancies offered by the MLA under their South East Renaissance programme.

DCA is a specialist cultural sector consultancy established in 1995 and based in Birmingham. We have worked extensively in the heritage sector on project development and advisory work and across the cultural sector developing strategies for and giving advice on issues of governance. We are specialists in business planning, options appraisal and strategic advice in the sector.

The MLA through the Renaissance programme engaged us to offer focused bespoke advice to ten museums in the south east region of England over the period August 2010 to January 2011. The Renaissance commission funded seven days of work on the project, including four visits to the museum and desk research and analysis. Our work was carried out alongside a Value for Money Review of Cherwell District Council's museum services.

Our consultations included:

- Simon Townsend, Museum Services Manager, who provided us with information, advice and guidance throughout.
- Stephen Barker, Education Officer, and Dale Johnston, Events and Exhibitions Officer who provided us with information about their specialist areas.
- Neil Lawrence, Project Manager, People and Improvement, who is leading the Value for Money Review and who guided us on the requirements of that process and more generally gave support and valuable analysis.
- Paul Marston-Weston, Head of Recreation and Health, and Nicola Riley, Arts & Visitor Services Manager, who provided guidance on how the museum fits into broader cultural and heritage provision.
- The MLA Renaissance Museums Development Officer for the Berkshire, Oxfordshire and Buckinghamshire region, Emma Davison, and the project leader for the governance project, Mairead O'Rourke, were also consulted and contributed to discussion around the options.

The financial information relied on in the study was supplied by Cherwell District Council (CDC).

For DCA, Lucy McCall and David Clarke carried out the work on the project.



Cherwell District Council

The future governance of Banbury Museum - options appraisal

2 The Museum

2.1 History and current building

The Museum was originally housed in the town library, but later moved to an historic building overlooking Banbury Cross, where it opened in 1981 and remained until 2001. High usage led to plans for a new Banbury Museum and the advent of the National Lottery and the availability of a vacant site adjacent to Tooley's boatyard and proximate to the new shopping centre presented an opportunity to take these plans forward.

The £5m capital budget was achieved with support from the National lottery, Konver European funding, British Waterways, various trusts and foundations, Oxfordshire County Council and Cherwell District Council.

The new museum, which opened in 2002, provides high quality, secure exhibition spaces in an excellent location, adjacent to the canal and with a main entrance on the mall of the shopping centre. The Museum straddles the Oxford Canal; the principal galleries are adjacent to Spiceball Park Road whereas the main entrance adjoins the Castle Quay Shopping Centre. This reception area, leased from the shopping centre, also provides the town's Tourist Information Centre and a Link Pont to CDC's services. An enclosed bridge, the Waterways Gallery, connects the two spaces. Adjacent to the canal and opposite the boatyard is Café Quay, run by Flying Aubergine.

2.2 Ownership and management

Banbury Museum is owned and managed by Cherwell District Council and is now part of the Recreation and Health Department, coming within the Environment and Community Directorate. Until 1998, Banbury Museum was managed jointly by Oxfordshire County Museum Service and Cherwell District Council, but in 1998 funding pressures forced Oxfordshire County Council to withdraw funding and CDC took over full responsibility for the museum through its redevelopment and thereafter.

The collection remains in the ownership of OCC and a relationship with OCC subsists, CDC paying an annual 'at cost' charge of £23,000 to OCC for documentation support, collections conservation and technical exhibition support. OCC makes no charge for storage of the museum collections at its store. CDC, through the expertise of museum staff, reciprocates with, for example, accessions support.

The professional team at the museum now comprises a Museums Services Manager, an Events and Exhibitions Officer and an Education Officer. In addition there are five Front of House staff, two on

duty during the morning and one in the afternoon, plus a bank of casuals. The Front of House staff also assist with delivering the learning programme. The museum's staffing level was reduced following a £134,000 cut from its budget around 18 months ago. The budget cut also resulted in the museum closing on Sundays. The museum's staffing capacity is strengthened by the TIC staff at the front desk who undertake all sales on behalf of the museum.

2.3 The museum's services

Banbury's mission statement (Business Development Plan, 2005 - 2010, under review):

The role of Banbury museum is to enhance the quality of life in the community by promoting understanding and appreciation of the locality and the wider human heritage. This will be achieved by promoting access, interest and an understanding of the heritage by making collections and associated information accessible to the public. The museum will also work in collaboration with Oxfordshire County Museum Service to collect, record, conserve and curate evidence of past human activity.

Banbury Museum's community extends well beyond Banbury itself to include the towns of Bicester and Kidlington, the Cherwell District Council area generally and beyond.

Banbury Museum is open Monday to Saturday and admission is free.

The permanent displays illustrate Banbury's history from around 1600, with particular emphases on the Civil War, the Victorian market town and its industries and the Oxford Canal. Tooley's Boatyard, a scheduled ancient monument, adjoins the Museum and can be visited by guided tour on Saturdays.

The museum's Exhibitions Policy sets out its mission in relation to temporary exhibitions:

Through a varied and wide-ranging temporary exhibition programme, Banbury Museum seeks to provide inspiring and engaging exhibitions that encourage learning and enjoyment in an accessible way, enhancing the visitor experience for existing audiences, and attracting new ones. We aim to show temporary exhibitions that complement and draw people to the permanent displays, encourage repeat visits, and develop a high profile for the museum strengthening support for it within the local community and further afield.

To fulfil its special exhibitions mission, Banbury Museum puts on five or six temporary exhibitions a year. These are multi disciplinary, covering local history, archaeology, arts, crafts, natural history, science and popular culture. The programme is designed to be family friendly and hands on with art cart, trails, activity backpacks, craft workshops and special events for all. The exhibitions are a mix of national touring exhibitions and exhibitions with local themes and include interactive display elements where possible, to engage visitors and encourage greater involvement/ learning. Wherever possible exhibits from the permanent collections are used to augment touring exhibitions.

Banbury Museum also provides support for local artists through a biannual open arts exhibition, collaboratively with the Mill Arts Centre, and support for up and coming young artists by hosting a selection of the best graduate art & design work from Oxford & Cherwell Valley College.

The museum's Learning Strategy sets out its learning mission:

Banbury Museum is dedicated to creating innovative learning environments, programmes and tools for exploration that help people of all ages, abilities and cultural backgrounds to develop a deeper understanding of their heritage.

To fulfil its learning mission, Banbury Museum has developed a range of activities and tools focused on families and schools including workshops, trails, handling sessions, art cart, gallery discovery boxes, tours and boat trips. Trained staff deliver the learning programme. In addition Banbury Museum has an outreach programme for schools that don't come to the museum and the wider communities in the towns of Bicester and Kidlington. Participation in the Renaissance SE reminiscences project has enabled the museum to extend its outreach work.

The Museum's learning programme has been awarded a 'Learning Outside the Classroom' quality badge.

In addition to the services provided in the museum and through the museum's outreach work, the museum staff provide support to small independent museums in the district and an input into planning developments in the area. Banbury Museum is well networked with museums throughout Oxfordshire (around 40 museums in total) and beyond.

2.4 Audiences

Banbury Museum records very substantial visitor numbers: 215,477, 2009/10 and approximately 2 million since opening in 2002. These figures are nearly twice those originally projected for the museum. Banbury Museum records pupil visits to the museum separately; for 2009/10 totalled 3,932 (substantially over the target of 3,150).

Visits are recorded by counting people entering from each of its three entrances. This recording system has weaknesses because some visitors entering the main entrance from the shopping mall are entering the shop and TIC only or are coming in to use the CDC link point. There is a mechanism for disaggregating people using the link point from the museum figures, but not those using the TIC or just visiting the shop. In spite of this, it is clear that the museum is well used.

High visitor numbers mean that Banbury Museum provides very good value for money when compared to many other museums. The Value for Money Review currently being undertaken develops these comparators in detail.

Banbury Museum has commissioned two pieces of independently produced audience research and also carries out its own audience satisfaction surveys. The earlier study was completed by Cardiff Arts Marketing in 2004 and the later by Audiences South in 2008. Visitors consistently record high levels of satisfaction. The majority of the audience is local: nearly two thirds (65%) travelling less than twelve miles (2004); 60% of visitors in 2009/10 had OX16 or 15 postcodes. The museum seeks to address this issue through outreach work in other parts of the district, like Bicester and Kidlington.



Cherwell District Council
The future governance of Banbury Museum - options appraisal

3 Options appraisal

3.1 Objectives

We understand the project objectives to be:

- To assess the potential for making savings in overall financial cost to CDC of the museum's operation.
- To identify a long-term plan for financial sustainability of the museum within known and likely resource constraints.
- To protect the valued museum and its service and enable it to continue to meet its aims and objectives.
- To continue to meet local demand and enthusiasm for the museum and the interpretation of local history.
- To enable continued development of partnership and project working with partners inside or outside CDC to enrich the service and share costs.
- To seek opportunities to enable the museum to grow and develop so as to deliver more services, attract more visitors and to increase in significance in the life of the town and the district.

The brief for our work has focused on whether these objectives are likely to be best met with the museum continuing in CDC's operation or being transferred to trust. When we look at the trust options in this section we mean arranging for the delivery of the services by an independent non profit distributing organisation (NPDO). We go on to explain the NPDO options most relevant to a museum like Banbury in more detail in section 4.

This discussion is going on across the heritage sector and, in general terms, a range of advantages have been identified as potentially flowing from trust status, as expressed in recent MLA reports:

- Greater financial stability and sustainability
- Greater sense of direction and ability to focus on core business
- Access to additional resources - from NNDR and other savings and reallocation of central service costs
- Greater attractiveness of a stand alone body to potential donors and funders
- The opportunity for improved investment by recycling surpluses and savings
- Greater flexibility and freedom to develop according to audience needs
- Management structures that allow for timely decisions by a focused and business-like management and board, more able to control its own destiny
- Speed of decision making when freed from local authority structures

- Opportunities for organisational culture change and growth
- Opportunities to develop new connections and partnerships

As we consider the options for Banbury Museum, we seek to identify whether CDC's objectives and these potential advantages would in this case be best served by a change of status.

3.2 Constraints

In our consideration of the options (below), the following particular circumstances relating to Banbury Museum have informed and constrained our appraisal:

- As part of the NHMF conditions of grant, CDC entered into a 25 year contractual commitment (which continues until 2023) that the museum and the collection must remain fully accessible to the general public and the museum must remain in Council ownership and possession. Any variation of this agreement requires the funder's consent. Any breach renders the Council liable to repay the grant.
- The collection remains in the ownership of Oxfordshire County Council. In these circumstances, any decision to vary the current arrangements will require negotiation with OCC to ensure that that authority is satisfied with any new arrangements for the care and control of the collection.
- CDC appears to have anticipated the changed financial circumstances in which local authorities are now being required to operate in that, over the last two years, the costs of operating the museum (and expenditure on culture more generally) have already been substantially reduced. We understand that cost reductions in the order of £134,000 have already been implemented since 2008/09. This has required reductions in staff numbers and closure of the Museum on Sundays. This clearly limits the areas in which there is potential to make savings now.
- The museum's reception area functions also as the town's Tourist Information Centre and a Link Point to CDC's services. The TIC staff also act as sales staff for the museum, both in relation to museum shop sales and the sale of workshop places etc. This means that there is a degree of integration or service provision, one to the other, between delivery of TIC and museum services. We further understand that CDC is keen to retain this current location for the TIC and Link Point because of high usage.

3.3 The options

The options for review are summarised below. In each case we go on to comment on the nature and potential effectiveness of the option and to understand the potential financial impact of the option.

1. Remain in CDC control.

2. Transfer operation of the Museum and Tourist Information Centre service to a bespoke trust developed for the purpose.
3. Transfer operation of the Museum service to a bespoke stand alone trust developed for the purpose.
4. Transfer operation of the Museum to an existing larger trust or a new trust created to operate more than one museum or heritage site.
5. Closure.

3.3.1 Option 1 - remain in Cherwell District Council control

In this option the service remains part of the Council.

In the summary of the financial projection for this option, on the following page, we have taken as the baseline a combination of the 2010/11 budget for the Museum and TIC, together with some updates on actual or likely actual costs supplied to us by the Museum Manager and the People and Improvement Project Manager during the study; principally increases in overall NNDR, utilities and maintenance and changes in treatment of some smaller headings such as car allowances.

As discussed above very substantial savings have already been made in the costs of running the museum service over the last two years and these are reflected in the 'baseline' starting point for the cost to the authority of continued direct provision of the Museum. Our instructions are that any further cuts will inevitably impact adversely on the level of services that the Museum is able to deliver. In these circumstances we have not sought to model cuts in the current service for 2011/12 onward.

We have also excluded from all the models some new sources of income that it might be possible to develop over the coming years whatever the governance status of the museum. The Museum's management has identified some potential routes to increasing earned income, either by direct delivery of museum/heritage services outside CDC (for example to South Northamptonshire) or, if the Oxford University Museums' application for Core Museum status succeeds, by acting as a delivery agent to those museums.

However, these are uncertain at this stage and we have not, therefore, taken them into account. If any do materialise, they may improve the savings possible/financial robustness of either CDC or trust operation of the Museum, but would not affect the analysis here of the relative position between direct and trust operation.

In summary, then, the financial forecast shows that the cost to CDC of direct provision of the Museum and TIC can be seen as rising steadily over the years to come by the need to accommodate

the effect of inflation on costs (we allow inflation at 2% annually on all relevant costs excluding central/departmental recharges).

By 2017/18, the total annual cost of the service is likely to be something just over £725,000. In section 2.4, we touch on the value for money of this and other options. Suffice it to say here that, with attendances of more than 215,000 annually, the Museum is recording a very low net cost per attendance as compared with the heritage sector and local authority museums in general.

3.3.2 Option 2 - Transfer to a bespoke trust comprising the Museum and the TIC

The option of moving local authority services to trust is not simple and should not be undertaken lightly. Nonetheless, the option to move to trust in the case of Banbury Museum may assist both the Museum and CDC in coping with the financial challenges ahead.

In our view, the possibility of developing a trust that combines the Museum and the Tourist Information Centre offers additional opportunities. We understand that the Banbury TIC is very heritage based - its main function being to introduce the visitor to Banbury's heritage offer. The Museum is, of course, the starting point to be followed by the heritage trail etc. We understand that the more routine aspects of a TIC's work, like hotel bookings, form a relatively small part of the staff's work.

In these circumstances, the relationship between the Museum and the TIC goes well beyond convenient and mutually beneficial co-location. A combined trust could develop a shared vision and mission for the two services and, we suggest, consider some rebranding of the TIC to reflect its niche role.

As already discussed above in section 3.2, the NHMF conditions of grant constrain CDC's freedom of action for the period to 2023 in that the museum and the collection must remain fully accessible to the general public and the museum must remain in Council ownership and possession. Any variation of this agreement requires the funder's consent. Any breach renders the Council liable to claw back of the grant.

Clearly, CDC will have to seek the permission of NHMF if it decides to put the Museum out to trust because that will mean that it will part with possession of the Museum (ownership would technically remain with CDC, though subject to a lease). We consider that NHMF would be likely to grant a variation of the terms of the contract to allow CDC to put the Museum out to trust provided it could be assured on the key considerations of public access, protection of the assets and the long term sustainability of the trust.

Similarly, any decision to vary the current arrangements will require agreement with Oxfordshire County Council because they own the to ensure that that authority is satisfied with any new arrangements for the care and control of the collection.

As can be seen from the financial projections on the following page, there are new/increased areas of income potentially available to the trust, which are unlikely to be available to it as part of the local authority, principally additional income from donations and fundraising (in the order of £15,000 per annum). We don't believe that the Museum would readily succeed in introducing admission charging (partly because of control issues associated with its several entrances). However, as a trust, it may be more possible/likely to get visitors to make voluntary donations. Over time it may prove possible to be more ambitious than set out here, but for the moment we have asset a target based on the shared interest of the Council and any future trust in minimising the risk of failure to meet targets.

There are, however, substantial potential costs savings to be made by move to a trust:

- The NNDR position is not entirely straightforward, but the Council is currently incurring in the order of £80,000 per annum in cost. A charitable museum trust would be entitled to 80% relief on the NNDR for any area it occupied for its charitable purposes (see further section 4 for an explanation of charitable). At best, this would represent a saving of £64,000 per annum if the relief applied to the entire museum building including the shop, TIC and Link Point. It is possible that this saving might be reduced were separate full demands to be made on any area of the TIC/shop or Link Point. However, in respect of the TIC/shop at least we think there is good cause to be optimistic about getting the relief given the way that this space is the main welcome for museum visitors and serves as museum shop. It is important to note that mandatory rates relief (ie an entitlement to rates relief) only applies to charitable NPDOs (see further section 4).
- There are net savings in the costs of financial, professional, IT and other services, currently provided by the Council comprising a set of central and departmental cost recharges to the Museum/TIC. At present combined recharges are in the order of £164,000 per annum. We estimate that an independent Museum/TIC trust could secure the services it required in professional fees/ICT/finance and admin support for in the order of £50,000.

Against these savings there are increased/new costs that the trust would incur including a provision for irrecoverable VAT because the Museum would no longer be covered by the local authority's de minimis exemption. In addition, we anticipate that the trust would want to make a few investments to ensure its future success, for example a new role of part time audience development/marketing manager.

CDC's commitment to the new trust would begin at just over £500,000 in the first year after transfer (2013/14) and rising by inflation in line with costs (again at 2% a year) to around £542,000 by 2017/18.

However, the savings to the trust resulting from not being liable to local authority recharges do not automatically translate to similar savings to the Council. If no savings were made in the Council from the costs currently recharged to the Museum/TIC, the the total savings would be limited to about

£20,000 (savings in CDC support to the Museum/TIC of £183,000 less currently recharged central/departmental costs of £164,000).

While it may be that the full £164,000 could not be achieved in the Council's central services as a result of not having to service the Museum/TIC, it might be reasonable to assume some substantial degree of savings. It will be for CDC to work through where and how savings can be made and to quantify the benefit.

To make the move to trust sustainable, we consider that several conditions will need to be met:

- The capacity of the Museum to run its own affairs, meet demand and run an effective service would be seriously diminished if, by the time of independence, the staff and service had been run down to make savings. We consider that it is essential that the current level of support to the Museum is sustained pending externalisation.
- As we have said, some new staffing capacity would be required to ensure success when the service goes out to trust. We have provided for a total of 1.7 new FTEs in new support (finance and admin) and development (audience development/ marketing) staff. The trustees and management may want to refine this allocation of new staff, but additional staffing provision at or around this level is, in our view, a minimum.
- Again, as mentioned above, care will need to be taken over the implications for VAT. Free entry brings with it the likelihood of a partial exemption for VAT purposes and some irrecoverable VAT, allowed here at 60% irrecoverability of all VAT incurred.

3.3.3 Option 3 - Transfer the Museum only to bespoke trust whilst continuing to run the TIC within local authority provision

In the financial summary overleaf, we show the effect of the museum alone becoming an independent trust with the TIC and Link Point continuing to operate as part of CDC in the museum shop area.

This arrangement has the following implications:

- The opportunity to develop the Museum and TIC as an integrated visitor experience for the wider heritage market would be constrained.
- With the TIC still within CDC, it the case for mandatory NNDR (rates) relief will be unlikely to extend to the shop area, reducing the NNDR saving to 80% of the NNDR on the Museum (which occupies about 83% of the site).
- In order to maintain the support provided by TIC staff in relation to museum sales, a contractual arrangement would need to exist between the TIC (CDC) and the trust for the

provision of services by TIC staff to the trust. Whether a contractual arrangement would work as well as currently, where all are CDC staff, or as in option 2 when all are trust staff, is open to question.

- The trust's need for new staff in this option is likely to be different from option 2. For example, there would probably be less finance support required. However, we think there may be an element of inefficiency here - the Museum would still need to establish a capacity in finance and administration and the exclusion of the TIC may not reduce this very much.
- The recharges attributable to the museum alone are, of course, less than for the museum and TIC combined. This presents a smaller opportunity for the Council to effect savings in central services as a result of the move to trust.

As the financial summary of this option shows, the Museum Trust would rely on the Council for annual support starting at about £415,000 in the first year of trust status and rising to £445,000 in 2017/18. However, to this must be added the cost of operating the TIC - starting at about £279,000 and rising over the period to just over £300,000. Combining the two together shows that savings would be almost completely limited to that part of the central/departmental recharges of the Museum alone (£102,000) that the Council could save by not servicing the Museum. As against Option 2, this option offers £20,000 less direct savings as a result of the loss of NNDR relief on the TIC/OSS and the loss of efficiency savings by running two smaller operations.

Two further factors may need to be taken into account here. If the Council maintains the TIC separately within Council management, we think there will be a significant risk that, rather than Museum and TIC going into one new trust generating new motivation and returns from the TIC/Shop, the split of TIC/Museum into separate managements would limit business no matter how well covered by contracts/SLAs. Secondly, the maintenance of the TIC inside the Council does not fully protect the Council's freedom of action in respect of the TIC. If at some later date, the Council decided to move or wind down the TIC function, the Museum would be left without a visitor desk or shop function and would have to establish one at costs not significantly less than the TIC/Shop/Visitor welcome function costs now.

3.3.4 Option 4 - Transfer to a larger trust

During the course of this consultancy we have discussed the potential for the Museum to be transferred into an existing heritage trust or merged with other museums or heritage services to form a larger trust, or to be combined with other cultural services locally.

Many heritage services and museums are going through similar processes of review and potential governance change at the moment. Some of these are other participants in the Renaissance programme. Of most immediate relevance to CDC and Banbury Museum is Oxfordshire County Council and discussions between the two services are ongoing, including a planned joint meeting, to include ourselves, in December.

However, at this stage, there is no suitable existing trust into which Banbury Museum might be transferred nor is there any proposal in the wider market for any bigger trust that Banbury Museum might partner. In these circumstances we have not been able to undertake any financial modelling. Our view is that it is unlikely that any proposal will emerge that Banbury Museum and CDC would be interested in exploring in depth in the foreseeable future.

In any event, there are good reasons to be cautious about proposals for merger and larger structures. Typically, museum and heritage trusts work well when they are subject and site specific. Trustees, partners and givers are all best motivated by a simple, clear and uncomplicated identification of the museum as the object of their efforts or contributions.

As recently commissioned advice for the MLA made clear:

“the most significant potential disadvantage of a wider portfolio is the potential loss of focus.”

This said, over the next three or four years, we consider that a market is likely to develop in which established trusts can decide to grow by taking on other museums and heritage sites and/or by delivering additional heritage services. An existing, robust and well led trust will be able to assess whether any opportunities that emerge have the potential to enhance the trust’s vision and mission. In our view, Banbury Museum, as an established and well managed museum with clarity of purpose, would be well advised to prioritise establishing a trust over the next year or so, thereby ensuring that it has strength in this new market as opportunities arise.

3.3.5 Option 5 - Closure

In the particular circumstances of Banbury Museum we consider that closure is not a viable option.

As outlined in section 3.2, the terms of the contract with NHMF include a requirement that the museum and collection remain fully accessible to the public throughout a period of 25 years, which runs until 2023. The terms further require that the museum remains in the ownership and possession of CDC. Breach of these terms would render CDC liable to repayment of the HLF grant secured to build the Museum.

Closure would clearly be in breach of the requirement to keep the museum and collection fully accessible and so would invoke the claw back. We would expect that, even without the implications of this clause, closure is not an option that CDC would consider seriously, not only because of the loss of benefit to local communities, but also because the building has relatively recently been completed and was developed specifically for the purpose it currently performs. In these circumstances we have not gone on to consider the standard costs of closure in terms of redundancies, collections removal and care etc.

We consider the implications of the contract in relation to a trust option in section 3.3.2 above.

3.4 Preferred option

On the basis of this analysis of the options, we suggest that there are potential benefits, both in terms of financial efficiencies and longer-term strategic advantage to Banbury Museum pursuing trust status. The benefits to CDC, though to a degree dependent on driving through savings in central charges, are also real.

In our view the trust option that combines the Museum and the TIC (Option 2) is the most interesting, innovative and cost effective. Although we recognise the challenges to local authorities in making savings in central and departmental costs when devolving single services, we suggest that the potential to make savings up to £183,000 across direct subsidy and central/departmental recharges whilst enabling the Museum to explore and develop new activities and potential income for the future presents a significant opportunity.

In the next section we go on to consider the processes and challenges that the Council will have to consider as it reflects on the option of moving to trust.

DCA Consultants Options Appraisal summary

Banbury Museum								
REVENUE PLAN SUMMARY	Version 2010/9		December 1st 2010		Summary of options			
Year	2010/11	2011/12	2012/13	2013/14 Trust commences	2014/15	2015/16	2016/17	2017/18
Option 1 - continued local authority operation	671,441	677,092	684,105	690,527	699,170	707,840	716,665	725,649
Option 2 - Operation by Trust from 2013/14	671,441	677,092	684,105	506,756	515,469	524,215	533,112	542,164
Option 3 - Operation of Museum by Trust, TIC by Council	671,441	677,092	684,105	579,960	590,149	600,400	610,834	621,453