

# **Report to Neighbourhoods & Communities Select Committee**

**Date of meeting: 15<sup>th</sup> March 2016**

**Subject:** Museum Development Trust

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**Committee Secretary:** Adrian Hendry

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## **Recommendations/Decisions Required:**

- 1. That Neighbourhoods and Communities Select Committee considers the proposal to establish a Development Trust for Epping Forest and Lowewood Museums, to operate in tandem with the management of the facilities; and**
- 2. That the Committee agrees the proposed form of the Development Trust and recommends this to the Cabinet for formal ratification.**

## **Report:**

### Background

1. In April 2015, officers were successful in securing £55,000 funding from Arts Council England (ACE) as part of its' Resilience Programme, to undertake two feasibility studies. The aim of the studies was to investigate opportunities for supporting resilience of the Museum, Heritage and Culture (MHC) service over the long-term and during economic austerity.
2. A tender exercise was undertaken to appoint consultants to fulfil the required work and two companies were appointed, these being the Management Centre and Barker Langham, both of which have a high level of experience in the cultural sector and significant expertise in the specific areas to be considered.
3. The Management Centre was appointed to undertake a study into the establishment of Development Trust Model, and were given the brief to investigate a stand - alone 'entity' that would be able to access funding opportunities that the Council would be prohibited from. Barker Langham were successful in being awarded the contract to investigate business and income generating opportunities, across both the Council's own MHC service and Lowewood Museum, which is managed on behalf of Broxbourne Borough Council under a Service Level Agreement.
4. In addition, Winckworth Sherwood Legal Consultants were appointed to provide Legal advice in relation to the establishment of the proposed Trust entity.
5. The process for the studies involved detailed liaison with staff and the Leisure and Community Services Portfolio Holder throughout the duration of the work, to ensure that targets and objectives were kept on track. Regular progress meetings were also held with the Portfolio Holder and the Assistant Director Community Services and Safety. Draft reports were presented to the Portfolio Holder in September 2015 and further work undertaken, where required, to demonstrate examples of best practice and to consider all available options for the Council.
6. The final reports from both companies were completed before Christmas and officers have since, spent time considering the implications and recommendations of the reports in

line with the redevelopment and expansion of the district museum and in conjunction with colleagues from Arts Council England (ACE).

### Recommendations from the Fundraising Study

7. The key recommendations of the Fundraising Study, included establishment of a Development Trust, to operate in parallel to the general management of Epping Forest and Lowewood Museum services, based on the model of a company limited by guarantee and registered charity.

8. As part of the work undertaken for the Fundraising Strategy, the consultants undertook comparator interviews with three museum services that have been through a similar transition; Hampshire Cultural Trust, Norfolk Museums Service and Maidstone Museum Foundation. These interviews indicated the positive benefits of setting up a separate charitable entity, which included ability to access a range of funding possibilities that were not previously available to them, opportunity to secure additional grants and donations and the ability to claim Gift Aid on qualifying ticket sales.

9. All of the comparators were structured as a Company Limited by Guarantee and Registered Charity, although two of them had considered other options, including that of Community Interest Company, this was felt to be the tried, tested and trusted route. None of the comparators had found this structure a barrier to anything they would like to do.

10. The recommendation from the Fundraising Strategy was therefore for the Council to use this structure of a Company Limited by Guarantee and Registered Charity.

### Board and Governance of the Trust

11. Beyond the structure, one of the key things to come out of the comparator interviews, was the role of the Board and the number of positive benefits that an effective Board can bring, beyond being a legal necessity. They point to the benefits of taking a skills-based approach to the board, rather than focussing solely on people's connections or access to funders.

12. Legally, there are minimum requirements for the Board, but beyond this it will be up to EFDC to decide the extent of active engagement in fundraising and supporting the museums that the board has, and this could be as limited as a mechanism for receiving donations. However, the recommendation is that we gain most benefit from a Board that is independent and actively engaged. Such a Board adds fundraising capacity, in terms of networks and skills as well as time, to that of staff. A demonstrably independent Board will also reassure donors and funders that they are not simply giving to the Local Authority in a different guise.

13. There will however, need to be a close relationship between the charity and the Museum Service, and the Board will need to have a good understanding of the museum, its work and the priorities and constraints of the staff. This is to ensure alignment, so that the charity is supporting the museum in its priorities, rather than expecting the museum to deliver on the charity's priorities.

14. The comparator organisations also reflected on the values of a skills-based Board and suggested the key skills and experience needed, as follows

- Accounting
- Legal
- Business Management
- Income Generation
- Communications, Marketing and PR
- Knowledge of the heritage/tourism sector

In addition, it has been recommended that we include two Elected Members on an ex-officio basis, as this is important for ensuring good links and alignment between Council, Museum and Charity.

15. There are a range of methods of recruiting Board members, including open applications and targeted invitations to express interest. The recommendation from the consultants is to incorporate open invitation into the Board recruitment, due to a number of benefits, including;

- Ability to reach candidates that we do not already know and have links to;
- In order to demonstrate the openness and independence of the charity;
- To build a sense of the charity as a way forward for the local community to support and get involved with the museums;
- To begin to build profile and recognition for the charity in the local community.

This approach will need to be supplemented by identification of individuals that would make good Board members and proactively approach them. Best practice would then be for Board members to be appointed with a specified term of service, so that they know they are only volunteering for a specified period of time; it provides a mechanism for Board members to be replaced if they are not actively engaged and it avoids the Board becoming a closed clique and ensures a regular input of new skills and perspectives.

16. The role of Chair will be key to the functioning of the Board, and it has been suggested that a recruitment process for the chair can run in parallel to the process for other Board members. The first Chair of the Board could be an Elected Member to ensure this position is filled early on in the recruitment process.

#### Administration and Internal Structure

17. The Charity will also need to be supported with practical administration, and will need separate banking arrangements to the Council in order for accounts to be prepared and returns made to Companies House and the Charity Commission. It is possible for this role to be organised through the Council and it can provide the conduit between the Museum's, the Council and the Board.

18. Going forward, the Board, Elected Members and Senior Management will have an important role to play in fundraising and are vital for sharing the mission and vision of both Epping Forest and Lowewood Museum. They will also need to engage with potential donors on a peer to peer basis, giving credibility to any fundraising. In addition, fundraising needs to be the responsibility of all staff, including front of house and volunteers, as they often have the most engagement with visitors.

#### Way forward for establishment of a Development Trust

19. The Council has an opportunity to pump prime the structure required to set up the Trust, through funding from the Arts Council England (ACE) Resilience Fund, which has recently opened a second round of funding to support Museums and the Arts. Due to the rigid timeframes around the application process, officers have already submitted an Expression of Interest (EOI) ACE, which includes funding for the appointment of a Fundraising Manager (18 x month post) and part time administrator. If successful with the EOI, the Council will be invited to submit a fully developed application, which needs to be in by May 5<sup>th</sup> 2016.

20. The total amount of the funding bid is £280,000 and this includes an allocation for appointment of a Commercial Manager post and Public Programming Officer and budget for a range of ancillary items including shop stock, publicity materials, staff training and development. Under this round of funding, applicants are required to contribute a minimum of 10% match funding towards the overall bid and Cabinet has agreed a sum of £20,000 to be made available from the Invest to Save budget for this purpose. This sum has been

supplemented by Broxbourne Borough Council and Chelmsford City Council, who have agreed to contribute £10,000 each towards the bid, which will include the provision of specialist support for Lowewood Museum and Chelmsford Museum.

21. This tripartite arrangement came into being in early February, following an approach by Chelmsford City Council for support and advice in relation to operation of their Museum Service, which has just received funding for a major Heritage Lottery Fund project.

22. Within this arrangement, it is planned for the Fundraising Manager to set up a joint Development Trust for Epping Forest and Lowewood Museum Service and a separate Trust for Chelmsford City Council.

23. Neighbourhoods and Community Services Select Committee is asked to consider the proposal to progress with the establishment of a Development Trust

**Reason for decision:**

The establishment of a Development Trust for Epping Forest and Lowewood Museum service has a range of benefits, in terms of potential for securing new and additional income for museum activities, exhibitions and events.

**Options considered and rejected:**

Not to proceed.

**Resource implications:**

As stated in the report, the Council is required to provide a minimum of 10% match funding towards the Resilience Fund bid which includes funding for the appointment of a Fundraising Manager, but the amount required from the Council has been reduced due to contributions from Broxbourne and Chelmsford Councils.

It is anticipated that the amount of funding that can be raised through the Development Trust will far exceed the initial match funding provided by the Council.

**Legal and Governance Implications:**

The Council will be the lead party within the tripartite arrangement and will direct the work related to the establishment of a Development Trust for Epping Forest and Broxbourne Councils. It is also planned to introduce a new Service Level Agreement for Management of Lowewood Museum, which will span 25 years. This has been agreed in principle by Broxbourne and the establishment of the Trust will be subject to this being formalised.

In regard to the involvement of Chelmsford City Council within the Resilience Fund proposal, if successful with the bid, an agreement will be drawn up to set out the various roles of each party.

**Safer, Cleaner Greener Implications:** N/a

**Consultation Undertaken:**

A wide range of consultation has been undertaken as part of the two Feasibility Studies and latterly, with The Chief Executive and Chief Finance Officer of Broxbourne Borough Council and Director of Community Services from Chelmsford City Council.

**Background Papers:**

Fundraising Strategy and Action Plan – Management Centre  
Development Trust Legal Report: Winckworth Sherwood

**Impact Assessments:**

Risk Management: Risk Management will be undertaken as part of the development of the second round bid, if the Council is invited to apply for Resilience Funding

Equality: It is envisaged that the establishment of a Development Trust will open up a range of new opportunities for minority groups to access the museum services, both as visitors and within volunteering.