

Chichester District Council

THE CABINET

3 July 2018

The Novium Museum

1. Contacts

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2. Recommendations

- 2.1 That due to the limited interest received from the soft market testing, the procurement process for the management of the museum and tourist information service not be pursued further at this time.
- 2.2 That option 3 namely to Review the Novium Museum and TIC Business Plan to identify potential opportunities for generating additional income and/or reducing expenditure be approved.
- 2.3 That the Task and Finish Group be tasked to oversee progress with the review of the business plan.

3. Background

- 3.1 An Initial Project Proposal Document (IPPD) for the Novium Museum Option Appraisal was approved by the Cabinet in February 2016 and the sum of £30,000 was released for the appointment of consultants to undertake this piece of work.
- 3.2 The IPPD identified that the options appraisal would consider but not be limited to:
 - No change to continue to operate the services in-house
 - Establish an in house trust to manage the facilities
 - A management contract with an established trust
 - A management contract with a private contractor
- 3.3 Following a competitive tendering process Black Radley Consultants were appointed and the option appraisal they completed identified that the most economically advantageous option was to consider outsourcing the operational management of the Museum to an established trust.
- 3.4 It was clear however from the consultant's report that this option would provide limited savings to the Council and that the subsidy per visitor would therefore remain high.

- 3.5 At the July 2016 Cabinet meeting it was, therefore, agreed that further works were required to consider further possible alternative more financially beneficial uses of the Novium Museum Building. Henry Adams was appointed to advise on possible alternative options for the Novium Museum building.
- 3.6 The conclusions of the Henry Adams appraisal were considered by the Cabinet in February 2017 where it was agreed that at this stage none of the options in the report be discounted apart from the filling-in of the Roman remains.
- 3.7 The Cabinet also resolved to undertake a procurement exercise to test the market for the future operational management of Novium Museum and Tourist Information services. Funding of £25,600 was allocated to appoint consultants to support the procurement process.
- 3.8 The Cabinet also agreed that the Cabinet Member for Commercial Services established a member task and finish group with representation from Overview and Scrutiny Committee (OSC) to support the procurement process and report back to the OSC and the Cabinet.
- 3.9 Walker Morris was appointed to advise the Council on the procurement process and they suggested due to the limited market for museum management that we tested the market initially through a Prior Information Notice (PIN) published on the OJEU tendering portal. Informal discussions were also held with a number of local providers. Initial interest was shown by two providers but only one formal response was received to the PIN.
- 3.10 Initial interest was shown by two providers however both subsequently advised the Council that they were unable to progress the proposal at this time.

4. Outcomes to be Achieved

- 4.1 The initial target was to identify revenue savings for the service of £200,000 per annum achieved over a three to five-year programme of reduced subsidy.
- 4.2 The cost of running the museum and tourist information service for 2017-2018 was £555,160 (excluding depreciation, pension adjustments, support costs etc.). The budget for 2018-2019 is £587,700.

5. Proposal

- 5.1 There are now three options available to the Council (see section 6 below). Considering all information available the preferred option (option 3) is to retain the existing in house management, but undertake a review of the business/forward plan to examine opportunities for generating additional income and/or reducing expenditure. Areas to be examined again are an improved café/restaurant offer, reduced opening hours, increasing donation etc.
- 5.2 It is proposed that the review of the business/forward plan to be completed by the end of October 2018.

- 5.3 Alongside this it is proposed that a local cultural network is formed to identify shared visions and opportunities for shared working in the future.

6. Alternatives Considered

- 6.1 Option 1 is to proceed with a procurement exercise to see if there is any further interest. This would involve further cost and resource to develop fully the service specification and management agreements along with further external legal advice. The soft market testing to date has not come up with a suitable operator and therefore we do not recommend taking this option forward because it is highly unlikely to attract a suitable provider.
- 6.2 Option 2 is to consider setting up our own internal trust. The Black Radley report indicated that the financial benefit of the Trust option derives a reduction in costs due to National Non Domestic Rate (NNDR) relief. There is also the possibility of increased income from retail activities and fundraising. The benefit of the NNDR relief is reducing as government indicate that by 2020 more rates income will be localised, and therefore a greater proportion of rate relief would fall to the Council to fund.
- 6.3 Conversely, there is a risk that the Trust option will incur a cost of irrecoverable VAT. The anticipated cost of moving to a Trust option is believed to be of the order of £150k, subject to the precise Trust configuration chosen. Under a new trust there will also be additional ongoing governance costs such as the administration and organisation of a board of trustees, Companies House and Charity Commission compliance which is anticipated to be approximately £33k per year. It could take between 12-24 months to establish a new trust. Not all of the risks associated with the operation of the museum will transfer to a new trust. It is therefore felt that this is not a preferred option.

7. Resource and Legal Implications

- 7.1 The review of the business plan and the resultant agreed actions will need to be addressed as part of the project process and an IPPD produced to address service and resource implications. The Business Plan and subsequent actions will be reviewed by the task and finish group before being submitted to the Cabinet for consideration.

8. Consultation

- 8.1 The Novium Procurement Task and Finish Group met in May to receive an update on the project development. They have recommended that option 3 (reviewing the business plan) was considered to be the most appropriate option to pursue.
- 8.2 They also felt the Chichester Vision project to develop a Cultural Strategy was an opportunity to develop a Cultural Partnership which may in the future provide opportunities to consider a wider cultural trust for Chichester.

9. Community Impact and Corporate Risks

- 9.1 Although the review of the business plan may result in savings to the Council these savings may not achieve the targets originally set in the Council's deficit reduction

programme.

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X

11. Appendices

None

12. Background Papers

None