

Chichester District Council

OVERVIEW AND SCRUTINY COMMITTEE

19 June 2018

The Novium Museum

1. Contacts

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2. Recommendation

- 2.1 That the Overview and Scrutiny Committee notes the progress made on the procurement project for the management of the Novium Museum and Tourist Information Services.**
- 2.2 That the Overview and Scrutiny Committee recommends to the Cabinet that the proposal in paras 5.1 and 5.2 of the agenda report be approved.**

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 July 2016 Cabinet it was therefore agreed that further works were required to consider further possible alternative uses of the Novium Museum Building which might be more financially beneficial to the council. Henry Adams were 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 OSC and 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 the Council test 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.
- 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 £200k per annum achieved over a 3-5 year programme of reduced subsidy.
- 4.2 The cost of running the museum and tourist information service for 2017/18 was £555,160 (excluding depreciation, pension adjustments, support costs etc.). The budget for 2018/19 is £587,700.

5 Proposal

- 5.1 There are now three options available to the Council. Considering all available information the preferred option is to retain the existing in house management, but undertake a review of the business plan to examine opportunities for generating additional income and/or reducing expenditure. Areas to be examined include an improved café/restaurant offer, reduced opening hours, increasing donations etc.
- 5.2 It is proposed that the review of the business plan should be completed by the end of October 2018.
- 5.3 The Task and Finish Group expressed a longer term objective of working more closely with other local cultural groups.
- 5.4 The alternative two options are identified in 6.1 and 6.2 below.

6 Alternatives Considered

- 6.1 One option 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. Therefore

officers do not recommend taking this option forward because it is highly unlikely to attract a suitable provider.

- 6.2 A second option is to consider setting up an internal CDC 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. Therefore a greater proportion of rate relief would be for the CDC 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 Overview and Scrutiny and 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, and to consider the three options set out in this report. 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

11.1 None

12 Background Papers

12.1 The Cabinet - 7 February 2017 The Novium Museum Options Appraisal