

Subject:	Update on Royal Pavilion and Museums Governance		
Date of Meeting:	14 June 2018		
Report of:	Executive Director, Economy Environment & Culture		
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Wards affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Policy, Resources and Growth Committee (PRG) agreed at its meeting on 25th January 2018 to transfer the Royal Pavilion & Museums service (RPM) into a charitable trust, which would also manage the Brighton Dome, Brighton Festival and Brighton Music and Arts Service.
- 1.2 Following concerns expressed by staff, and in discussion with trade unions, the process of transfer has not progressed and an external expert review has been commissioned to further explore of all of the options and allow time for further meaningful engagement with staff and unions.
- 1.3 During the project process, some operational issues have been identified in the service, and the period of review will also enable some of these challenges to be addressed through a “ready for change” programme.
- 1.4 This report sets out the proposed timescale and process for the external review and content of the “ready for change” programme, and seeks authority for these proposals. It is anticipated that this will ensure a sustainable future for the service, while protecting and caring appropriately for the city’s assets and collections. In turn it will ensure future generations can fully benefit from what is an internationally renowned heritage and cultural offer.

2. RECOMMENDATIONS:

- 2.1 That the Committee defers the implementation of its decision taken on 25th January 2018 to allow for further review of the governance options for the RPM.
- 2.2 That the Committee notes the timescales and process for the review as set out in Section 3 below.

3. BACKGROUND INFORMATION

- 3.1 The RPM comprises 5 museums, including nationally and internationally significant collections, and associated activities. It is an Arts Council England “National Portfolio Organisation” under a four year funding agreement, and also leads museum development services for South East England.

- 3.2 A modernisation project has examined how to safeguard the future of the service in the changing operational context and challenging financial environment of reduced council budgets and growing social care cost pressures. The work looked at alternatives to the City Council directly managing the service in order to achieve a sustainable future, to enable all the sites and the services within the RPM to continue to deliver on the priorities for the city and to maintain and build on the success of the RPM as a nationally significant museum service.
- 3.3 Work was commissioned in 2016 to explore the options for future management of the RPM. The report provided by PwC recommended moving the service to a charitable third party operator, as this model offers the best opportunities to address the planned budget reductions by enabling increased income to be generated from charitable and private sources, and taking advantage of the benefits of Gift Aid, together with savings from business rate relief.
- 3.4 In January 2018 the council's Tourism Development & Culture (TDC) and PRG Committees approved the necessary steps to transfer the RPM service, to be managed under contract as part of a trust based on the existing Brighton Dome & Festival Ltd (a charitable company established by the Council) under a twenty-five year arrangement. This proposal carried the confidence of the Council's key stakeholders and would have enabled the reunification of the Royal Pavilion Estate.
- 3.5 However, a significant proportion of staff, supported by their Trade Unions, were unhappy with this proposal to the point where they considered taking industrial action. This clearly demonstrated that despite a strong case being made, efforts to engage the staff team in the process of developing and owning the model had been insufficiently compelling and that staff did not have confidence in the council's proposals. At the same time, while the service has been engaged in developing plans for change, managers have identified a number of key issues for the service, some of which are outside its control, which need to be addressed regardless of the future governance option.
- 3.6 As a result, the decision of TDC and PRG Committees has not yet been implemented, while proposals for an external expert review, together with an exercise to review the RPM and ensure it is ready for future changes, have been developed. Together these will ensure that Members and staff have a comprehensive view on a like-for-like comparison basis of the various possible delivery models, informed by the most up to date management information, and that the service is fit for purpose in any event.
- 3.7 The external expert review will take place over the period to September 2018, alongside the "ready for change" interventions, and will include a full programme of engagement with staff, to inform and be informed by work to evaluate all possible options and to develop financial models for a small number of preferred options for consideration by committee in Autumn 2018.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 To proceed to implement the decision of PRG in January 2018; this is likely to cause industrial relations issues which in turn could make the implementation

difficult to complete and risk the confidence of other stakeholders.

- 4.2 To close the project, and keep the service in-house without further review; this is likely to miss opportunities to increase earned and contributed income and to benefit from reduced costs, as well as delaying plans to reunify the Royal Pavilion Estate, meaning planned savings would be more difficult to deliver.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 n/a

6. CONCLUSION

- 6.1 Taking time to review all the possible options and permutations of options together on an equal footing, with involvement of stakeholders and engagement of staff, will ensure that the option chosen is the most sustainable and robust approach, and can carry the confidence of partners. Reviewing the operational issues which are constraining the service (such as its information technology) alongside the options, will create a focussed period during which the service can prepare itself for the future. This will include supporting the staff with their professional development, and build good relations with staff and a shared sense of purpose.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Modernisation funding is available to finance the additional due diligence work as detailed above and facilitate the modernisation of the service. The savings target of £0.392m identified in the 4 Year Integrated Service & Financial Plan has already been deferred until the financial year 2021/22 and the impact of the delay in implementation will need to be taken into account in the financial modelling for presentation to Committee in due course. Officers will continue to develop the zero-based budgeting approach as previously reported.

Finance Officer Consulted: Michelle Herrington Date: 01/06/18

Legal Implications:

- 7.2 The report taken to PRG in January set out the legal implications relating to the transfer of the RPM service. The Committee has the power to agree the recommendation contained in this report.

Lawyer Consulted: Alice Rowland Date: 01/06/18

Equalities Implications:

- 7.3 n/a

Sustainability Implications:

- 7.4 n/a

Any Other Significant Implications:

7.5 n/a

SUPPORTING DOCUMENTATION

Background Documents

1. Royal Pavilion and Museums Trust Arrangements – Progress Update Report to TDC Committee 11 January 2018
2. Royal Pavilion and Museums Trust Arrangements Report to PRG Committee 25 January 2018