

Cumberland House

Options Appraisal for Transfer to the Third Sector

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HERITAGE
CAPITAL PROJECTS
FUNDING
STRATEGIC PLANNING



Contents

Chapter 1: Summary	page 1
1.1 Brief	
1.2 Methodology	
1.3 Background to the Study	
1.4 Stakeholder consultation	
1.5 Governance options	
1.6 Delivery options	
1.7 Financial implications	
1.8 Preferred option	
Chapter 2: Background to Cumberland House	page 11
2.1 Introduction	
2.2 Mission and aims	
2.3 Location and strategic context	
2.4 Opening hours and visitor numbers	
2.5 Displays	
2.6 Collections	
2.7 Events and activities	
2.8 Garden	
2.9 Budget	
2.10 Staffing	
2.11 Ownership	
Chapter 3: Stakeholder consultation	page 15
3.1 Introduction	
3.2 Stakeholder consultation	
3.3 Learning consultation	
3.4 Young people's focus group	
Chapter 4: Governance options	page 19
4.1 Introduction	
4.2 Charitable models	
4.3 Enterprising models	
4.4 Investment models	
4.5 Summary of the models	
4.6 Further considerations for transfer to trust	
Chapter 5: Delivery options	page 31
5.1 Introduction	
5.2 Option 1: Status quo	
5.3 Option 2: Council governance with volunteers	
5.4 Option 3: Cumberland House Museum standalone trust	



- 5.5 Option 4: Canoe Lake trust
- 5.6 Option 5: Broader museum, culture and/or leisure trust

Chapter 6: Financial and other implications page 39

- 6.1 Introduction
- 6.2 Expenditure
- 6.3 Income
- 6.4 Transfer to trust costs
- 6.5 Conclusions

Chapter 7: Preferred option page 47

- 7.1 Introduction
- 7.2 Scoring the options
- 7.3 The scores
- 7.4 Conclusions
- 7.5 Recommendations
- 7.6 Capital investment

Appendix 1: Consultees page 53

Appendix 2: Schedule of legal documents page 57

Appendix 3: Example heads of a Funding Agreement page 61

Appendix 4: Example heads of a Transfer Agreement page 69

Appendix 5: Example heads of a Collections Agreement page 79

Appendix 6: Steps towards trust status page 85

1. Summary

1.1. Brief

Portsmouth City Council commissioned an options appraisal to assess the feasibility of transferring Cumberland House to the Third Sector. The study was expected to address:

- ownership and management of relevant heritage assets (collections, building and garden)
- an assessment of alternative delivery models
- a financial assessment including the level of funding required and likely sources of income (including Council funding)
- on-going Council support in interim period and once the Trust was up and running (such as security, payroll, Health and Safety), also Transfer of Undertakings (Protection of Employment) issues (TUPE)
- terms likely to be included in any Service Level Agreement between the Council and Trust.

In addition, the client also asked that the Study should consider the role of Cumberland House in the context of the City's wider museum offer and the range of collections held by the Council and proposals for the development of Southsea Common especially the Canoe Lake area which includes Cumberland House, which is subject of an application to the Heritage Lottery Fund.

1.2. Methodology

Julia Holberry Associates were appointed February 2012 to undertake the Study and responded to the brief with the following methodology:

- background research into Cumberland House and its strategic context
- interviews with ten stakeholders, held between April and July 2012
- an assessment of assets, including the building, collections and garden
- an assessment of the governance options open to Cumberland House
- an assessment of the delivery options
- a financial assessment of the options
- a staff and stakeholder workshop to report on findings.

This report is based upon the findings of the research and the discussions held at the stakeholder workshop in July 2012.



1.3. Background to the Study

A Cumberland House Working Group (CHWG) was convened in June 2010 to explore some of the issues affecting the museum, which included:

- lack of investment
- limited physical access
- poor visitor facilities (toilets, shop, café)
- overcrowding in the summer 'butterfly months' and under-use in the winter
- tired displays.

The Working Group included members of both friends groups (Friends of Cumberland House and Portsmouth Museums and Records Society) as well as Council representatives and met over a nine month period in 2010/11.

In its final report the CHWG identified a mission statement for Cumberland House, a number of aims and an outline action plan. A key recommendation was that a study was undertaken to assess the future operation of the Museum. The Council allocated £50,000 to address the immediate needs for improvement to the Museum and to fund the options appraisal study.

1.4. Stakeholder consultation

Twenty individual stakeholder interviews were held with councillors, staff, potential partners and other influencers and decision-makers. We also consulted with one primary school and the Friends of Cumberland House and the Portsmouth Museum and Records Society. A full list is in Appendix 1.

The purpose of the consultation was to assess perceptions about the strengths and weaknesses of existing provision at Cumberland House and discuss aspirations for the future.

Key findings from that consultation were:

- the Museum appeals strongly to families, particularly with toddlers and children aged under 12
- free entry is an important ingredient in attracting families
- the Museum is valued by the community and proximity to canoe Lake was seen as an asset
- the Museum displays are tired and in need of investment
- the lack of a dedicated natural scientist on site was seen as a weakness
- the domestic nature of the internal layout of Cumberland House is awkward and access is a major weakness
- using the garden and integration with Canoe Lake for interpretation of the natural environment was seen as a great opportunity

- the potential support of the University of Portsmouth should be explored
- there is the opportunity to turn the support of the community into volunteering opportunities.

The primary teacher interviewed saw opportunities for schools to be involved through art, local history, science and natural science sessions and projects. However, she cited the lack of facilities at the Museum (toilets, lunching area) as a barrier. She felt that Cumberland House should advertise their educational offer more effectively and concentrate on schools within walking distance.

Overall, the key ideas expressed included:

- focusing the subject of the Museum on local natural history and even more narrowly on the marine environment
- investing in new displays
- investing in a new butterfly house
- integrating the House more effectively with the garden and Canoe Lake
- involving the community through volunteering.

1.5. Governance options

In Chapter 4 seven governance models, other than Council management, were considered:

1. Charities (Charitable Companies Limited by Guarantee, trusts, Charitable Incorporated Organisations)
2. Community Interest Companies (Community Interest Companies Limited by Guarantee, Community Interest Companies Limited by Shares)
3. Industrial Provident Societies (Community Benefits Societies, Co-operatives)
4. Community Benefit and Land Trusts (not considered in this chapter)
5. Companies Limited by Guarantee
6. Companies Limited by Shares
7. Limited Liability Partnerships.

The table below summarises the characteristics of the different models. The Charitable Company Limited by Guarantee (1) is the recommended alternative governance model. It is a tried and tested model for cultural organisations.

Table 1: Summary of the characteristics of each governance model

SUMMARY OF CONSIDERATIONS		Charitable Company Limited by Guarantee	Charitable Incorporated Organisation	Charitable Unincorporated Organisation	Community Interest Company	Industrial Provident Society (non charitable)	Industrial Provident Society (charitable)	Company Limited by Guarantee	Company Limited by Shares	Limited Liability Partnership
1	Financial exemptions (NDR, VAT)	Y	Y	Y	N	N	Y	Y	N	N
2	Eligible for grant funds	Y	Y	Y	N	N	Y	N	N	N
3	Able to form trading subsidiary (for charities)	Y	?	?	Y	N	Y	N	N	N
4	Ability to borrow against assets	N	N	N	Y	Y	N	Y	Y	Y
5	Ability to hold significant financial reserves	N	N	N	Y	Y	N	Y	Y	Y
6	Ability to distribute a dividend	N	N	N	Y	Y	N	N	Y	Y
7	Protected liability for Directors/Trustees	Y	Y	N	Y	Y	Y	Y	Y	Y
8	Safeguards the cultural assets (collections)	Y	Y	Y	N	Y	Y	N	N	N
9	Regulated by the Charities Commission	Y	Y	Y	N	N	Y	N	N	N
10	Regulated by Companies House	Y	N	N	Y	N	N	Y	Y	Y
11	Regulated by the Financial Services Authority	N	N	N	N	Y	Y	N	N	N
12	Board members unpaid	Y	Y	Y	N	?	?	N	N	N
13	Restrictions of type of Board members	Y	Y	Y	N	Y	N	N	N	N
14	Restrictions on governance objectives	Y	Y	Y	Y	Y	N	Y	N	N
15	Tested model for museums	Y	N	N	N	N	N	N	N	N

1.6. Delivery options

Chapter 5 considered strengths and weaknesses of the most appropriate delivery options for Cumberland House, spanning two Council-run options and three trust options (all assumed to be the preferred governance model, a Charitable Company Limited by Guarantee).

1.6.1. Option 1: Status quo

The service remains a part of Portsmouth Museums and Records Service and delivers the service described in Chapter 2 with a Council subsidy of around £95,000 a year.

1.6.2. Option 2: Council governance with volunteers

The Museum remains as a part of Portsmouth Museums and Records Service, but the capacity of the Museum is enhanced through appointment of a Development Manager based at Cumberland House with a natural history background, part of whose brief is to develop the capacity of the Museum by working with volunteers. Volunteer models work best when they are managed by paid staff and they also require strategic and formal recruitment of volunteers, through a Volunteer Co-ordinator appointed for the whole Portsmouth Museums and Records Service.



1.6.3. Option 3: Cumberland House as standalone trust

Cumberland House becomes a Charitable Company Limited by Guarantee, with a separate trading subsidiary company. There would be a Board of Trustees, some of whom would also be directors of the trading company.

The collections and building would remain the property of Portsmouth City Council.

1.6.4. Option 4: Cumberland House as part of a wider Canoe Lake trust

This option has the whole of the Canoe Lake area as a single geographical trust, including Cumberland House, the Lake, Splashpad and surrounding park, the Lumps Fort, including the Rose Garden and Japanese Garden, the tennis court bowls green and all concessions based on site. Canoe Lake would become a Charitable Company Limited by Guarantee, with a separate trading subsidiary company. There would be a Board of Trustees, some of whom would also be directors of the trading company.

The museum collections, the park buildings and the park would remain the property of Portsmouth City Council.

1.6.5. Option 5: Cumberland House as part of a broader museum, culture and/or leisure 'trust'.

In this option, all six museums and the Records Office become a single trust, rather than Cumberland House standing alone. Some authorities have included their libraries, theatres and arts in the trust (as well as museums) and others have gone even wider including sport and leisure, green spaces, bereavement services, tourist information and young people.



1.7. Financial implications

The revenue and one-off financial implications of delivery options 1 – 4 are considered in Chapter 6. No attempt has been made at an analysis of the financial implications of Option 5, as it is a large and separate exercise beyond the scope of the brief.

1.7.1. Revenue implications

Table 2: Budget summary

	Option 1 Status quo	Option 2 PCC + Volunteers	Option 3 CH Trust - standalone	Option 4 Canoe Lake Trust
Total Employees	£ 66,500.00	£ 62,486.00	£ 62,486.00	£ 131,476.00
Total Premises	£ 17,627.00	£ 17,627.00	£ 15,214.00	£ 14,844.00
Total Supplies & Services	£ 200.00	£ 10,200.00	£ 41,000.00	£ 58,000.00
Total Agency & Third Party Payments	£ 11,750.00	£ 6,750.00	£ -	£ 153,800.00
TOTAL EXPENDITURE	£ 96,077.00	£ 97,063.00	£ 118,700.00	£ 358,120.00
Income				
Customer & client receipts	£ -	£ -	£ -	£ -
8171 Fees and charges	£ -	£ -	£ -	£ -
Retail income	£ -	£ -	-£ 14,000.00	-£ 14,000.00
8506 Miscellaneous income	-£ 1,000.00	-£ 1,000.00	-£ 1,000.00	-£ 1,000.00
Income from concessions	£ -	£ -	£ -	-£ 48,370.00
TOTAL INCOME	-£ 1,000.00	-£ 1,000.00	-£ 15,000.00	-£ 63,370.00
NET EXPENDITURE	£ 95,077.00	£ 96,063.00	£ 103,700.00	£ 294,750.00

1.7.2. One off cost implications

The transfer to charitable trust for Options 3 and 4 will incur some one-off costs:

- legal costs (for the Trust and possibly the local authority) for the preparation of the governing document, the funding agreement, the asset transfer agreement, the collections agreement and any leases and/or licences. Also advising on the TUPE process and pension issues
- business planning support including detailed VAT assessments
- restructuring costs
- recruitment of a Chief Executive and other staff (if required)
- recruitment of Trustees and chair of Trustees
- actuaries fees
- development of a new corporate identity and costs of uniforms/signage/stationery etc
- launch costs
- trustee training.



The publication *An opportunity for change: Exploring the trust option for museum services*¹ suggests that these costs might be in the order of £75,000 - £125,000, depending upon the level of external legal, financial and business support needed. The author has recently been involved in transferring a museum from a local authority to charitable status and that process cost around £30,000, with considerable support in kind from the local authority.

1.7.3. Financial conclusions

None of the options save the Council money and it is a common misconception that a transfer to trust will do so. All of the options rely upon continuing Council subsidy. For the trust options, any savings made through staffing and the National Non Domestic Rate (NDR) are immediately needed by the trust to replace services previously provided by the Council or to support volunteer programmes. This is a pattern that repeats itself up and down the country when museums transfer to the independent sector.

Option 2 (Council governance with volunteers), with a net expenditure of £96,063, will cost the Council roughly the same amount of money that it does now, but there will be focused leadership for the museum and extensive community involvement through the new volunteering programme.

Option 3 (Cumberland House as a standalone trust) will cost the Council £103,700 about £9,000 more than it does now. This increase is due to the need to replace support services provided by the Council and to provide the Museum with a decent *Supplies & Services* budget to be able to improve and develop the Museum for the public.

Option 4 (Canoe Lake trust) has the most speculative of budgets. On paper at £294,750 this option appears to be vastly more expensive than the other options, but it comes within the boundaries of being achievable if it is assumed that £153,800 for grounds maintenance will be transferred to the trust as part of its subsidy. If income for the car park and the beach huts on site were taken into consideration (they are both currently excluded from the calculations), the Canoe Lake trust could be an attractive option and it is the one that has most potential to increase income over time and hence reduce Council subsidy.

¹ An opportunity for change: Exploring the trust option for museum services, Renaissance Yorkshire, BUlimited and Lawrence Graham LLP, 2008



1.8. Preferred option

1.8.1. Scoring the options

Each of the options was scored out of ten against the aims of the study.

This scoring sheet below is an attempt to bring some objectivity to issues that can rely on a very subjective judgement and the following commentary explains the rationale behind the scoring.

Each criterion is weighted according to importance to the project and each score in black is weighted and converted into an overall percentage for each set of project aims and an overall percentage along the bottom line. So, for example, Option 2 fulfils 52% of the brief, whilst Option 4 fulfils 61%.

CUMBERLAND HOUSE OPTIONS SCORING MATRIX												
CONSIDERATIONS	Weighting	Option 1 - Status quo - score/10		Option 2 - Council governance with volunteers - score/10		Option 3 Cumberland House standalone trust - score/10		Option 4 - Canoe Lake trust - score/10		Option 5 - Broader museum, culture and/or leisure trust - score/10		Notes
		Option 1 - Status quo - weighted score	Option 2 - Council governance with volunteers - weighted score	Option 3 Cumberland House standalone trust - Weighted Score	Option 4 - Canoe Lake trust - Weighted Score	Option 5 Broader museum, culture and/or leisure trust - weighted score						
To develop a more secure and sustainable revenue base	20	3.0	6.0	5.0	10.0	3.0	6.0	7.0	14.0	9.0	18.0	Most able to secure = 10
To produce savings for the local authority in the short term	5	5.0	2.5	5.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	Most able to produce = 10
To provide capital investment in the Museum	15	5.0	7.5	5.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0	Most able to provide = 10
To improve the service	15	2.0	3.0	6.0	9.0	8.0	12.0	8.0	12.0	6.0	9.0	Most able to improve = 10
To maintain the stewardship of the collection	5	8.0	4.0	8.0	4.0	8.0	4.0	8.0	4.0	8.0	4.0	Most able to maintain = 10
To improve decision-making speed	5	2.0	1.0	2.0	1.0	8.0	4.0	6.0	3.0	4.0	2.0	Most able to deliver speed = 10
To enable the Museum be more accountable to the Community	10	2.0	2.0	6.0	6.0	8.0	8.0	8.0	8.0	6.0	6.0	Most able to be accountable = 10
To maintain and broaden its audiences	5	4.0	2.0	8.0	4.0	8.0	4.0	8.0	4.0	8.0	4.0	Most able to maintain = 10
To encourage partnership working	5	2.0	1.0	4.0	2.0	8.0	4.0	8.0	4.0	8.0	4.0	Most able to encourage = 10
To facilitate an entrepreneurial approach	15	2.0	3.0	4.0	6.0	8.0	12.0	8.0	12.0	6.0	9.0	Most able to facilitate = 10
		100	32.0	52.0		54.0		61.0		56.0		

1.8.2. Conclusions

Option 4 (Canoe Lake trust) scores the best overall most because it can offer financial sustainability to Cumberland House within a bigger trust, that has the potential to generate earned income, without losing the intimacy and focus on the Museum.



Option 5 (Broader museum, culture and/or leisure 'trust') also scores highly, but there are concerns about Cumberland House becoming part of a very big trust. Although it is attractive in terms of sustainability, the Museum could potentially lose its voice and focus and find itself fighting for attention and funding against other competing services.

Option 3 (Cumberland House as a standalone trust) is an attractive option, but the Museum's inability to generate significant levels of earned income jeopardises its long term sustainability and it would remain highly dependent on Council subsidy. Although it looks better financially on paper than the Canoe Lake trust, it feels riskier in the long term and gives Cumberland House less opportunity to expand its remit.

Option 2 (Council governance with volunteers) is also an attractive model with a lean community-focused structure, but its continued management by the Council leaves it exposed to further cuts.

Option 1 (Status quo) is not an option, because the Museum needs to change, even to stand still.

1.8.3. Recommendations

In the short term (1 – 3 years)

It is recommended that Cumberland House moves to Option 2 (Council governance with volunteers), with the appointment of a Development Manager and recruitment of volunteers for front of house and back of house duties. Cumberland House will also benefit from the results of a current Museums and Records Service project that is focusing on improving the recruitment of volunteers for front of house duties. The volunteer support officers at both the Council and the University have confirmed that there will be an appetite for volunteering at Cumberland House and the experience of Hampshire County Council, who are willing to share their recent knowledge, has also demonstrated the benefits and viability of a structured volunteer programme.

This strategy gives Cumberland House the breathing space to test whether the volunteer approach will actually work.

In the medium term (3 – 5 years)

It is recommended that the Canoe Lake trust is explored in detail as this option seems most suited to Cumberland House's needs and would give it the opportunity to change its focus, be integrated into the park and learn from adjacent services and facilities.

1.8.4. Capital investment

Whether Cumberland House transfers to trust or not, it is in desperate need of capital investment, primarily to refresh its displays, potentially reconfigure its ground floor, build a new butterfly house and maximise use of the garden.



One of the real disadvantages of transfer to trust is the lack of access to capital funds. Without it, Cumberland House will struggle to improve and achieve its potential. The imminent investment of £50,000 in the displays is a great start, but Cumberland House needs more to be able to make a difference.

Hence it is recommended that the Council allocates a capital sum to Cumberland House that can be used as match funding for a Heritage Lottery Fund (HLF) bid. As a strong community-focused museum, Cumberland House will stand every chance of an HLF success, but it will need capital match funding from the Council in order to be able to submit an application.

With the recent HLF submissions by Canoe Lake and the D-Day Museum, the timing has not been right for Cumberland House to prepare its own bid, but the aim should be to submit an application within the short-term (1 – 3 years) framework.

2. Background to Cumberland House

2.1. Introduction

This chapter considers the existing service and its heritage assets.

2.2. Mission and aims

The overarching inspiration for the Museum is to:

Reconnect the children of the City with the natural world and inspire the next generation of naturalists.

The aims are to:

1. Inspire, excite and stimulate a lifelong interest in the natural world.
2. Provide an offer that works especially well for families with young children.
3. Signpost visitors to habitats and wildlife sites within the city.
4. Enable users and stakeholders to be involved through volunteering and consultation.
5. Deliver services as cost-effectively as possible seeking opportunities to reduce costs.

2.3. Location and strategic context

Cumberland House is part of Portsmouth City Council's Museum and Records service and is *Accredited*¹ as part of the wider museum service. It was built as a Victorian seaside villa and opened as a museum in 1931. It sits on the rim of the Canoe Lake area, which is a significant local and tourist amenity including the lake itself, a café, a putting green, within the Lumps Fort – a rose garden, Japanese garden and model village, beach huts adjacent to the Fort, tennis courts and bowls greens. Cumberland House, its grounds and the Canoe Lake park are owned by Portsmouth City Council.

The recently published Portsmouth City Council *Seafront Strategy* proposes to market events and an enhanced cultural programme along the seafront to stretch its use along all of its 3.7 miles and the Canoe Lake area is picked out for special intervention to connect the park more effectively to the seafront.

The Council is making a major bid to the Heritage Lottery Fund (HLF) for improvements to the public amenities and, although the House is not part of the bid, the garden is and Cumberland House will benefit from the proposed improvements in park facilities if the bid is successful.

¹ The Accreditation Scheme sets nationally agreed standards for museums in the UK and is a recognised 'kite mark' of quality.

2.4. Opening hours and visitor numbers

Cumberland House is open Tuesday to Sunday and Bank Holiday Mondays. Between April and October it is open from 10.00am until 5.30pm and from November until March, 10.00am to 5.00pm. The Museum is free.

Cumberland House averages 50,000 visitors a year, but in 2010/11 received over 70,000.

In 2010 the Museum ran a visitor survey in August and September (covering school holidays and the butterfly season) and 365 self-completion questionnaires were returned. The headline results were:

- 44% of visitors were from the Portsmouth island
- 21% from just north of the island
- 17% on a day trip from Chichester, Fareham
- 18% from within or just over an hour's drive
- 55% first time, 45% been before (some as many as 30 times)
- 68% in family groups (mostly with children under 10 years)
- 33% are under 9 years
- 53% adults 20+ years.

The butterflies were given as the main reason for visiting, but general interest, free entry and somewhere to bring the children are also important. People visiting the Museum also visited (on the same day) Canoe Lake, the playground and beach. Relatively few appear to be visiting other museums.

Visitors liked the butterflies, other live exhibits, specific displays, the ambience, its family/child -friendliness, the information provided and the layout of the building. They would like to see the displays updated, more live exhibits, improved information and labelling, more hands-on activities, talks and tours, and better facilities (toilets, physical access, cafe).

2.5. Displays

The displays in Cumberland House were developed as an entity in the 1980s and have been changed and added to over the years. The displays cover a broad range of topics:

- local fossils and dinosaur bones
- the impact of the Ice Age on Portsmouth
- wildlife in the city and in greater Portsmouth
- aquarium and butterfly house.

2.6. Collections

The Museums Service's Natural Science collection consists mainly of zoological, botanical and geological material, of flora and fauna found in and around Portsmouth, south-east Hampshire and the nearby areas.

There are four main collections:

- Zoology 53,700 objects
- Botany 17,500 objects
- Geology 35,000 objects
- Archives/Books 7,000 objects.

The largest single collection is the Guermonprez collection, numbering around 67,500 specimens, which was obtained from Bognor in the 1970s.

The zoology collection consists of British and foreign birds, mammals and molluscs; amphibians and reptiles, fish, insects, butterflies and crustacean; the botany collection consists of British plant specimens and the geology collection consists of fossils from southern England, rocks from the Hampshire basin and a small collection of material from other sites worldwide.

Given the limited space at Cumberland House only a tiny proportion of these objects can be displayed. Some of the collection is stored at Cumberland House, but the majority is stored at the Museum's main collections store at Hilsea. The Natural Science collection is seen as being of regional importance, with the Guermonprez collection being second only to the Booth collection in Brighton.

2.7. Events and activities

The learning service is run centrally from City Museum and Cumberland House does receive some school visits, but is hampered through lack of dedicated classroom and lunchroom space.

The Museum runs a small number of events, such as the forthcoming *Toads and Toadstools* family event in October, which is delivered by the Council's Countryside Officer, the *Amphibians and Reptiles* event in August and two events organised each year on behalf of the Museum by the Hampshire and Isle of Wight Wildlife Trust. Events such as these also suffer from lack of facilities

During August Cumberland House has piloted a very successful project where volunteers are stationed in the galleries with objects from the reserve collections that they can chat to visitors about.

2.8. Garden

The garden at the back of the Museum is run by the parks and recreation team in the Council, rather than by the Museum team. A beautiful patch of ground,

enclosed by a brick wall from the wider Canoe Lake Park, it is a largely under-utilised area that will be improved if the Heritage Lottery Fund bid is successful.

2.9. Budget

In 2012/13 estimated expenditure was £95,077 (rounded), of which £66,500 (70%) was spent on staffing costs, £17,627 on premises, £200 on supplies and £11,750 on third party and agency payments. Of these budgets about £7,000 is the working budget that the site can spend.

2.10. Staffing

There is one full-time and one part-time Museum Attendant and one part-time Sales Assistant based at the site. Curatorial, learning and marketing expertise is provided by the wider museum service. There are volunteers who work on the natural sciences collections, but they tend to be based in the collections stores at the City Museum or Hilsea.

2.11. Ownership

Cumberland House, its grounds and the Canoe Lake park are owned by Portsmouth City Council. Whilst the House and its collections are managed by Museums and Records, Cumberland House's garden and the whole of Canoe Lake Park is administered by a different department – Parks and Recreation.

The collections are also owned by Portsmouth City Council and include many donations from local people and items that have been acquired or conserved with public funds. This is why it is important that the custody of the collections remains with the Council, even under the trust options, and why disposal of collections is determined by a strictly defined *Acquisitions and Disposals Policy* that forms part of the Museum Service's *Accreditation* status.

The Guermonprez collection, mentioned in 2.6, is a charitable trust, with Portsmouth City Council as sole trustee. Under the terms of the Charities Commission 'Schedule' of 1978, Portsmouth City Council is tasked with exhibiting all or part of the collection; conserving, storing and maintaining it and using it for educational purposes. The Council is allowed to lend items to other suitable museums, use the objects in schools and even dispose of and exchange items, subject to assessment by a natural scientist or equivalent expert.

3. Stakeholder and learning consultation

3.1. Introduction

Twenty individual stakeholder interviews were held with councillors, staff, potential partners and other influencers and decision-makers. We also consulted with the Friends of Cumberland House and the Portsmouth Museum and Records Society. The purpose of the consultation was to assess perceptions about the strengths and weaknesses of existing provision at Cumberland House and discuss aspirations for the future.

In spite of contacting six schools and other learning providers, only one responded and, although only one response, their views are represented here as the interview made some useful points about the needs of junior school-aged children and their teachers.

Lastly, there is a write up of a focus group undertaken with seven teenagers in 2011 and, although not done for this study, it offers some interesting insights into the attitude of their peer group to the Museum and how they think it can be improved for families.

3.2. Stakeholder consultation

3.2.1. Strengths

All stakeholders felt that a key strength of the Museum was that it appealed to families and engaged children aged under 12 years, providing a stepping stone to interest in the natural sciences. Free entry was recognised as an important ingredient in attracting families. Everyone knew that the butterflies and animals were the main attraction and some felt that the stuffed animals gave children an important opportunity to see wildlife at close quarters.

The Museum is valued by the community and its proximity to Canoe Lake was seen as a great strength. Staff observed that it was one of the few remaining natural history museums on the south coast.

3.2.2. Weaknesses

In spite of being much loved, everyone expressed the view that the displays were tired and that the whole museum lacked investment. Some went further, saying that the displays lacked focus and were not educational. Many regretted the lack of dedicated expertise at the Museum, although they appreciated the loyalty and commitment of the current staff.

The domestic layout of the House itself was thought to be an awkward one for a Museum and lack of good access inside the building is a major weakness. The lack of integration with the back garden and Canoe Lake was identified as a weakness and an opportunity.

3.2.3. Opportunities

Everyone saw the potential for using the grounds of the House more extensively as part of the interpretation of the natural environment, for events and activities. Similarly, the integration of the House with natural history and facilities of Canoe Lake, the surrounding park and its seafront was seen as a priority. The Council's Seafront Strategy offers the opportunity for a coherent and planned approach to the development of the seafront, which includes the Canoe Lake area.

The key organisation to collaborate with is the University of Portsmouth, who could provide a range of expertise from their staff, but also from their students, particular PHD students who have to complete specific projects, some of which are connected to the communication of science to the public.

The Council also employs a fully qualified ecologist, who could help to plug the expertise gap and there are other natural sciences agencies in the area, such as Farlington Marshes and the Hants and Isle of Wight Wildlife Trust who will be able to provide expertise on occasion.

Given that the Museum is much-loved by the community, many saw that interest and loyalty as a firm foundation for a volunteer recruitment programme.

The action plan, articulated in the Council report of March 2012¹ (based on the Cumberland House Working Group's Development Plan) and the £50,000 identified in that Council report to implement some of those actions.

One consultee saw the development of a dedicated website and effective social networking as key to the success of the future of the Museum.

3.2.4. Vision

The key ideas included:

- focusing the subject of the Museum on local natural history and even more narrowly on the marine environment
- investing in new displays
- investing in a new butterfly house
- integrating the House more effectively with the garden and Canoe Lake
- involving the community through volunteering.

3.3. Learning consultation

These are the views of one teacher from Fernhurst Junior School, within ten minutes' walk of the Museum and whose children had recently participated in a project.

¹ Report to the Culture, Leisure and Sport Decision meeting on 23 March 2012 by the Head of Cultural Services

The teacher felt that the changes to the National Curriculum allowed more freedom for teaching and in particular for following and developing themes. She thought that the Museum's subject offered opportunities for art, local history, science and natural science topics and the particular project that her school had been involved in had been very creative, the children (7 – 11 years) had enjoyed it and parents and the community had become involved.

However, schools need to know what is on offer at the Museum and how to engage with it, something she felt was currently lacking. Teachers also need plenty of time to prepare before becoming involved in a project or visit. On a practical level Cumberland House's only public toilet was a problem for visiting schools, as is the lack of a covered lunching area. Risk assessments for external visits are strict and teachers need support from the venue to complete them and, because transport costs are such an issue for schools, the teacher felt that the Museum should concentrate their efforts on schools within walking distance from the Museum or within easy reach of local public transport. She thought that some local teachers would help to write trails and other resources for the Museum to support school visits.

3.4. Young people's focus group

Although not undertaken specifically for this project, a focus group was held in February 2011 with seven teenagers, aged between 11 and 16 years. They were drawn from an existing group called *Futurators*, which is a group that had been meeting on a weekly basis at the Aspex Gallery and the Arts Service to gain skills in exhibition work.

Of the seven, only two had not visited the Museum before and those that had visited, had been many times with their school and their families. The topics that particularly interested them were green issues, eco-architecture and sustainable living. However, they did not think that it would be a place that teenagers would ever come to:

They'd be put off before even coming just because it is a museum so they don't think it would be for them...it's definitely never going to be cool.

They thought that it should not be changed to suit teenagers, but saw the primary audience as families with young children and suggested the following changes:

Maybe more quiz sheets.

Flash cards with did you know facts on.

A few terminals to research things for yourself.

Role playing games involving dinosaurs and exploring.

Things to handle.

Refreshments available.

More live animals.



They also saw free admission as a great strength and something that should be used more forcefully as a publicity hook.

When asked about the things they would most like to see in the Museum, high scorers were objects to handle, live butterflies and insects, information about world wildlife, information about local wildlife, microscopes, audio-visuals and games. The lowest scoring items were rocks, fossils and live fish.

4. Governance options

4.1. Introduction

This chapter looks at the range of governance models available to Cumberland House. The research draws heavily on the following reports, especially the 2010 report, and what is written here is a summary of their findings and recommendations:

- *The opportunity of devolved governance for museums, libraries and archives*, MLA, April 2010
- *An opportunity for change: Exploring the trust option for museum services*, Renaissance Yorkshire, BUlimited and Lawrence Graham LLP, 2008
- *Moving to Museum Trusts: Learning from Experience Advice to Museums in England & Wales*, MLA, 2006.

There are seven devolution models available to the sector, covering eleven legal models:

1. Charities (Charitable Companies Limited by Guarantee, trusts, Charitable Incorporated Organisations)
2. Community Interest Companies (Community Interest Companies Limited by Guarantee, Community Interest Companies Limited by Shares)
3. Industrial Provident Societies (Community Benefits Societies, Co-operatives)
4. Community Benefit and Land Trusts (not considered in this chapter)
5. Companies Limited by Guarantee
6. Companies Limited by Shares
7. Limited Liability Partnerships.

The most frequent legal models used by museums are Charitable Companies Limited by Guarantee and charitable trusts (model 1 – by far the commonest), Companies Limited by Guarantee (model 5) and Industrial Provident Societies (model 3 – and mostly in the broader leisure/sports sector).

Each of the appropriate models is considered below.

4.2. Charitable models

4.2.1. Introduction

These models describe delivery of services by a Non-Profit Distributing Organisation (NPDO) that must be exclusively charitable.

4.2.2. Charitable Company Limited by Guarantee (CCLG)

Characteristics

A CCLG is owned by members and controlled by directors or trustees. A CCLG is a legal entity with full financial and contractual capabilities offering limited liability protection. CCLGs are restricted from non-charitable commercial activity and are subject to dual regulation by Charities Commission and Companies House and therefore have more fixed governance provisions than Charitable Incorporated Organisations (see 4.2.3 below). The Charitable company does not issue shares, instead the members of the company undertake to guarantee to contribute a sum of money (usually nominal) in the event that the company is the subject of an insolvent winding up.

Strengths

- financial benefits, such as tax exemptions including gift aid, VAT and National Non Domestic Rates (NNDR)
- eligibility for all grant funds and commissioning
- organisational benefits. A risk averse regulation that protects the liability of its trustees
- allows subsidiary trading companies to be established relatively easily
- it is a the type of Non-Profit Distributing Organisation (NPDO) which has been most widely used by local authorities contemplating the charitable Trust route. It is tried and tested and works
- a company can be established very quickly
- there is no requirement to use 'Ltd.' in the museum's name
- currently offers greater flexibility than other regimes and companies are able to change their rules to meet changing needs more simply than other types of vehicles
- the terms of the company's Memorandum of Association usually allows for an application can be made to the Charity Commission for registration as a charity following the incorporation of the company.

Weaknesses

- regulated by the Charity Commission as well as being subject, generally, to the requirements set out in the Companies Act
- tax still applies to most enterprise activities undertaken by the charity. CCLGs cannot access debt finance because they cannot borrow against assets, and

they cannot hold significant financial reserves and are therefore vulnerable in the long term or restricted to the short term, cyclical annual planning of grant funding

- there is little flexibility for welcoming external stakeholders within the governance structure – such as universities and local authorities; and private sector partnerships offer a very restricted appeal
- board members have traditionally been unpaid and this can detract from the quality of leadership required especially in high need areas – although this is starting to change. The protection offered to boards by limited liability can make them less accountable for success/failure.

Examples

- York Museums and Galleries Trust
- Tullie House Museum and Gallery Trust
- Braintree Museum
- Bexley Heritage Trust
- Cogges Heritage Trust, Witney
- Priest's House Museum and Garden, Wimborne, Dorset
- Luton Cultural Services Trust (includes museums, libraries and arts venues)
- Wigan Culture and Leisure Trust (includes heritage, libraries, arts, sport, open spaces, youth services, tourist information and bereavement services).

4.2.3. Charitable Incorporated Organisation (CIO)

Characteristics

A new legal vehicle created by the Charities Commission in order to create an entity less cumbersome and more fitting to the charitable sector's needs. CIOs are registered and regulated by the Charity Commission only and not by Companies House. Two models are available – either members as trustees or a wider membership - with less liability (the CIO will not to be penalised for the conduct of its directors). According to the Charities Commission website, the new format will be launched in the Autumn of 2012 and therefore is untested.

Strengths

- regulated by the Charity Commission only and not by Companies House therefore the administrative burden is reduced
- benefits from charitable status financially
- straightforward to convert to a CIO
- members will have either no liability or limited liability
- flexible charitable format, akin to that of a company.

Weaknesses

- the structure does not support collaborative working as much as competition; there is no flexibility for welcoming external stake-holders within the governance structure – such as universities and local authorities; and private sector partnerships offer a very restricted appeal
- board members have traditionally been unpaid and this can detract from the quality of leadership required especially in high need areas – although this is starting to change. The protection offered to boards by limited liability can make them less accountable for success/failure
- untested model.

4.2.4. Unincorporated Charitable Trust or Charitable Trust

Characteristics

A simple declaration of Trust by the local authority or a constitution. The Trust deed would set out the terms, objects and functions of the Trust, the names of the Trustees, and its area of operation. The assets are held by a body of Trustees for the benefit of agreed beneficiaries. This legal form offers no legal personality, requiring the body's members to take full liability for all contractual or financial responsibilities, and is only suited for small organisations or those without significant liability.

Strengths

- the Trust will benefit from all the advantages of a charitable entity, eg savings and/or stabilisation of costs through relief from National Non Domestic Rates, reduced VAT or VAT exemptions, no corporation tax, ability to reclaim tax on gift aid donations
- run entirely according to own rules.

Weaknesses

- trustees running it will have to enter into all contracts and hold all property in their own name and will therefore have unlimited personal liability
- regulation by the Charity Commission
- the objects of Trusts created in this way are not easy to amend and require the consent of the Charity Commissioners.

Examples

- Topsham Museum, Devon
- Priests House Museum Collections Trust (Priest's House Museum itself is a Charitable Company Limited by Guarantee).

4.2.5. Suitability of charitable models

The 2010 report says that this model is suitable for a local authority where cultural services already earn significant additional income from giving and where it can use its public subsidy to level funds out of the private sector and claim it back in Gift Aid benefits.

4.3. Enterprising models

4.3.1. Introduction

The 2010 report¹ defines these models as ones that actively embed entrepreneurialism and the generation of profit at the heart of their business operation.

4.3.2. Community Interest Company (CIC)

Characteristics

CICs are limited companies created for organisations that wish to conduct a business activity for community benefit and therefore the majority of the CIC's profits must be used for that purpose. CICs may engage in trading and, with approval, borrow against their assets. Some CICs are limited by guarantee and set up as NPDOs (thereby prohibited from distributing profits, which must be fully reinvested in the organisation) but it is more common for CICs to be established as companies limited by shares (using the CLG format), because one of the key attractions of a CIC is that it combines a social mission with the provision of dividends.

Strengths

- it is available exclusively for use by the social enterprise sector thereby creating a new brand for social enterprise
- if it is set up as a share company it can distribute a dividend (subject to a cap)
- it is easy to convert an existing Company Limited by Guarantee to a CIC
- some charities have found the CIC an attractive model for a trading subsidiary as it retains the community and social focus but, because it is able to issue shares, it can attract outside investment and so raise finance in this way
- CICs are eligible for most grant funding and commissioning contracts; they can also access loan finance and hold unrestricted reserves without intervention; the structure supports enterprise and trade income generation
- the structure enables multiple shareholders at governance level and therefore underpins both collaborative working across private, public and third sector,

¹ *The opportunity of devolved governance for museums, libraries and archives*, MLA, April 2010

and community engagement; equally it appeals to private sector collaborators because of ability to pay dividends, reward loans and contract out services

- it is reliably regulated, includes a capital and asset lock which prevents cultural property being used wrongfully; and its board members can be paid so are accountable and performance managed.

Weaknesses

- it must meet a community interest test
- it has an asset lock in the Memorandum and Articles although assets will be available to be used as collateral for raising finance (which means they would be available to creditors in the event of default)
- if an entity chooses to be a CIC, it cannot also be a charity and, as such, would not be eligible for any of the advantages of being a charity – in particular, the tax reliefs
- the model arguably offers limited philanthropy
- a CIC's shareholders can vote to change its purpose. This offers benefits for market flexibility but to safeguard cultural holdings, ownership should be clearly delineated or, in the event of transfer of ownership, claw back clauses should be adopted.

Examples

- Black Country Arts Partnership.

4.3.3. Industrial and Provident Societies (IPS)

Characteristics

An IPS is a society conducted for the benefit of a community. It is primarily a corporate body which can hold charitable status, setting it apart from other charitable structures because its aim is not simply to provide public benefit but to produce a definable value and to generate income. IPSs are regulated by the Financial Services Authority (FSA) which reports annually to Parliament on the activities of Industrial and Provident Societies. They are created for the benefit of the community generally, not their own members and are a common model in the housing sector.

Strengths

- an IPS formed for charitable purposes is currently deemed to be an 'exempt' charity (ie exempt from registration) and can still enjoy the fiscal advantages available to charities
- a non-charitable IPS can have a significant degree of employee involvement in the running and management of the IPS at Board level
- a non-charitable IPS (like a non-charitable company) would not need to place any trading activities within its subsidiary.

Weaknesses

- the regulatory regime for IPSs under the control of the FSA is considered to be less flexible
- a non-charitable IPS would not benefit from the advantageous fiscal regime for charitable entities and thus would be subject to corporate tax on any profits.

Examples

- The William Cookworthy Museum Society, Kingsbridge
- First Garden City Heritage Museum: an enterprise of the Letchworth Garden City Heritage Foundation.

4.3.4. Suitability of an IPS or CIC

- the 2010 report says that an IPS might suit a local authority wanting to use its annual subsidy as an investment to generate a growth social enterprise business that supports community ownership, empowerment and engagement in political processes. Also a local authority interested in creating a cross-domain leisure and cultural services trust capable of earning significant revenues to invest in its own development and reduce the need for local authority investment over time
- CICs could suit local authorities interested in enabling regeneration in a deprived area; those interested in developing relationships between a thriving private sector and the third sector and for a local authority interested in empowering small and specialist services to become fit for devolution, be devolving management powers without full liabilities or cultural asset ownership.

4.4. Investment models

4.4.1. Introduction

The following models are governance models that enable private sector contractors or investors to invest in the sector with a view to generating a return on their investment. This model would constrain an organisation from earning income through giving and enterprise.

4.4.2. Company Limited by Guarantee (CLG)

A CLG is a not for profit organisation owned by members who guarantee to pay the debts of the organisation up to a set limit, typically between £1.00 and £20.00. The format is frequently used by charities. There are no restrictions on trading or borrowing against assets. Although not a legal requirement, a CLG would typically qualify as a NPDO, restricting its objects and prohibiting the distribution of profits; without qualifying it would not be able to reap any tax benefits and would not offer any additional benefits to a company limited by

shares. Despite qualifying as a NPDO – thereby forming to all intents and purposes a charitable vehicle – it is only subject to the light touch regulation of Companies House.

Strengths

- eligibility for NNDR savings and some VAT savings as a Non-Profit Distributing Organisation. Eligible for certain grants, most social enterprise funding and commissioning contracts and there are no restrictions on reserve holdings.
- the model can be used in a flexible and commercial way as part of a group structure. It is therefore attractive to newly independent organisations with 'parent' organisations wishing to exercise control over the company in a manner that charitable companies and CICs do not allow. It offers flexible governance for private sector partnerships and operation within a wider commercial structure, flexible contracting, interest bearing loan agreements and a flexible structure for collaborative approaches. Directors associated with third party organisations can be employed
- directors are paid for their expertise and although they hold limited liability are performance accountable. As they can also operate as CICs, they can form social enterprises.

Weaknesses

- ineligible for most grant funding
- prohibition on profit distribution could reduce its appeal to the private sector
- no asset locks reduces security for local authorities in transferring assets. There is no independent regulation, reducing security for local authorities in considering future management of assets and it would probably be ineligible for some professional standards such as *Accreditation*.

4.4.3. Company Limited by Shares (CLS)

The most commonly used business form. It is owned by shareholders whose other assets beyond their investment are protected by limited liability, should the company fail. The limitations of the (non-charitable) CLG limited by shares model are so complete that it requires no independent regulation and can be sold or absorbed – this makes it a generally inapplicable model for the museum sector. Whilst some UK museums have constituted themselves in this way by vesting all shares in a single party solely for the benefit of the organisation, the other models are considerably more applicable for investment partnerships and it is included here for definition purposes only.

4.4.4. Limited Liability Partnerships (LLP)

A body corporate with a legal personality separate from that of its members, the LLP is a hybrid entity combining the advantageous tax characteristics and organisational flexibility of a partnership with limited liability for members. LLPs are governed by the Limited Liability Partnerships Act 2000 and are subject to light touch regulation by Companies House. Governance is a matter of member

choice – with no requirement for directors, board structures or management structures. Members have a joint responsibility to divide the running of the business, but have no individual responsibility for each other's actions and, as with a limited company, cannot lose more than they invest. LLPs have 'unlimited capacity', meaning no restrictions on any activities.

Strengths

- taxation is applied as a partnership – members are each liable for tax on their share of the income or gains of the LLP. There are no restrictions on reserve holdings
- supports joint (public/private) ventures by bringing all stake-holders inside a partnership so that their interests are aligned, but offering the protection of limited liability for members in the event of failure. Appeals to private sector through tax, dividend and contracting opportunities and to the public sector through share restrictions and shared agency control
- unlimited capacity for flexible governance, flexible objectives and flexible profit share agreements without restriction or regulation.

Weaknesses

- no NNDR exemptions and ineligibility for grant or social enterprise funding
- less direct opportunity to fulfil community engagement and empowerment agendas
- lack of security provided by asset lock; probably ineligible for some professional standards such as Accreditation.

4.4.5. Suitability of an LLP or CLG

- an LLP could suit a local authority in a deprived area or with services requiring high capital investment and wishing to contract out services to a private contractor. It could also suit a local authority wishing to donate profits earned from an LLP partnerships to other services and claim Gift Aid
- a CLG could suit a local authority that enables its service to commit to public benefit, but to achieve significant improvement and become self-sustaining before becoming constrained by regulation. The authors of the 2010 report see this as a stepping stone before becoming CIC, as the CLG allows local authorities to retain control, which charitable and CIC models do not.

4.5. Summary of the models

The table below summarises the characteristics of the different models. Looking down that list there are four important considerations for the local authority in thinking about any transfer:

1. Financial exemptions (NNDR, reduced VAT, Corporation Tax)
2. Eligibility for public trusts and funds grant aid



3. Safeguarding the collections and building asset
4. Protected liability of the Trustees/Directors (without this, you are unlikely to be able to recruit trustees).

On the basis of these requirements, it is the following options that fulfil all criteria:

- Charitable Company Limited by Guarantee
- Charitable Incorporated Organisation (not yet available)
- Charitable Industrial Providential Society.

If a further criteria of whether the model is a tried and tested on cultural organisations is included, then the Charitable Company Limited by Guarantee becomes the preferred model.

Table 3: Cumberland House Governance Models

SUMMARY OF CONSIDERATIONS		Charitable Company Limited by Guarantee	Charitable Incorporated Organisation	Charitable Unincorporated Organisation	Community Interest Company	Industrial Provident Society (non charitable)	Industrial Provident Society (charitable)	Company Limited by Guarantee	Company Limited by Shares	Limited Liability Partnership
1	Financial exemptions (NDR, VAT)	Y	Y	Y	N	N	Y	Y	N	N
2	Eligible for grant funds	Y	Y	Y	N	N	Y	N	N	N
3	Able to form trading subsidiary (for charities)	Y	?	?	Y	N	Y	N	N	N
4	Ability to borrow against assets	N	N	N	Y	Y	N	Y	Y	Y
5	Ability to hold significant financial reserves	N	N	N	Y	Y	N	Y	Y	Y
6	Ability to distribute a dividend	N	N	N	Y	Y	N	N	Y	Y
7	Protected liability for Directors/Trustees	Y	Y	N	Y	Y	Y	Y	Y	Y
8	Safeguards the cultural assets (collections)	Y	Y	Y	N	Y	Y	N	N	N
9	Regulated by the Charities Commission	Y	Y	Y	N	N	Y	N	N	N
10	Regulated by Companies House	Y	N	N	Y	N	N	Y	Y	Y
11	Regulated by the Financial Services Authority	N	N	N	N	Y	Y	N	N	N
12	Board members unpaid	Y	Y	Y	N	?	?	N	N	N
13	Restrictions of type of Board members	Y	Y	Y	N	Y	N	N	N	N
14	Restrictions on governance objectives	Y	Y	Y	Y	Y	N	Y	N	N
15	Tested model for museums	Y	N	N	N	N	N	N	N	N

4.6. Further considerations for transfer to trust

If the local authority decides to transfer Cumberland House to be a Charitable Company Limited by Guarantee (or any of the charitable options), here is a detailed list of the advantages and challenges:

4.6.1. Advantages

- savings and/or stabilisation of costs (eg relief from National Non Domestic Rates, reduced VAT or VAT exemptions, no Corporation Tax, ability to reclaim tax on gift aid donations)
- greater financial stability and sustainability
- greater sense of direction and ability to focus on core business
- access to additional resources – from rate savings and reallocation of central service costs and greater attractiveness of a standalone body to potential donors and funders (and lenders)
- greater flexibility and freedom to develop according to audience needs
- management structures that allow for timely decisions
- opportunity for organisational culture change
- increased partnership working both across geographical and sector domain boundaries
- faster decision-making when freed from local authority bureaucracy
- being a single-focused body
- a customer-first improved quality of service
- potential opportunity for improved investment by recycling surpluses and NNDR savings (not all options)
- a more focused and business-like management team
- more able to control own destiny.

4.6.2. Challenges

- legal issues:
 - prohibition on alienation or restrictive covenants on the museum properties: it is likely that there will be restrictions on leasing all or part of the buildings to another party or restricting the use of the building
 - restrictions on assets/collections: it is also likely that there will be certain collections that are subject to specific terms and conditions which might restrict alternative management options eg special trusts, permanent endowments or specific terms attached to gifts
 - pre-existing trusts: it is common for collections or particular items within a museum to be held on special trusts which again may restrict management options for the collections

- ownership of assets: it is possible that the local authority does not own the museum buildings freehold and/or have legal title to the collections for example where the collections have been loaned to the local authority. Similarly, certain items have been purchased by a friends group and donated to the museum. What is the status of this gift?
- financial issues:
 - limited savings - local authority services are often transferred with the hope of great savings that seldom materialise
 - limited access to capital funds
 - transfer costs (for example, Renaissance Yorkshire² estimated a c.75,000 - £125,000 to transfer a local authority museum or museums to Trust status), eg new posts and restructuring, legal costs for setting up the Trust, business planning etc
- non-primary purpose trading activities: any non-charitable or significant trading activities which are not pursuant to the primary purposes of the charity could not be carried out by the charity but would be hived off and carried out by a trading subsidiary
- recruiting Trustees/Directors with the appropriate level of skill and experience can be difficult
- political issues:
 - opposition to devolution in any form
 - loss of Council control which could leave the Museum vulnerable to changes in the political climate
- timing issues
- capacity issues for management of transfer eg staff already committed to other activities
- change of key personnel lack of a champion to drive the project through at officer or member level
- local authority-wide impact – the effects on the corporate centre and perceived difficulties in disentangling support services
- emotional: strong ties to the Museum and its collections (equivalent to selling the family silver). A feeling that the Local Authority has become 'divorced' from the service
- opposition from stakeholders, such as friends groups
- other priorities - better to focus resources on other development opportunities.

² *An opportunity for change: Exploring the trust option for museum services*, Renaissance Yorkshire, BUlimited and Lawrence Graham LLP, 20082

5. Delivery options

5.1. Introduction

This chapter considers the strengths and weaknesses of the most appropriate delivery options for Cumberland House, namely:

Option 1: Status quo

Option 2: Council governance with volunteers

Option 3: Cumberland House as standalone trust

Option 4: Canoe Lake trust

Option 5: Broader museum, culture and/or leisure 'trust'.

Given the analysis and conclusion in Chapter 4, the Option 3 and 4 trust models are assumed to be Charitable Company Limited by Guarantee. For Option 5 there are other tried and tested models, such as an Industrial Provident Society model, that might be more appropriate for a wider leisure 'trust'.

5.2. Option 1: Status quo

5.2.1. Description

The service remains a part of Portsmouth Museums and Records Service and delivers the service described in Chapter 2 with a Council subsidy of around £95,000 a year.

5.2.2. Strengths

- security and stability being part of the Council
- access to a broad range of expertise within Portsmouth Museums and Records Service
- access to a broad range of expertise within Portsmouth City Council
- the Museum has access to a range of expertise within the University.

5.2.3. Weaknesses

- lack of capacity within Cumberland House staff and within the Museums Service to develop Cumberland House to its full potential
- lack of capacity within the Friends of Cumberland House to develop the Museum's full potential

- relentless salami slicing of budgets, as pressure on local authorities is only set to increase rather than diminish.

5.3. Option 2: Council governance with volunteers

5.3.1. Description

The Museum remains as a part of Portsmouth Museums and Records Service, but the capacity of the Museum is enhanced through appointment of development officer based at Cumberland House with a natural history background, part of whose brief is to develop the capacity of the Museum by working with volunteers. Volunteer models work best when they are managed by paid staff and they also require strategic and formal recruitment of volunteers, through a Volunteer Co-ordinator appointed for the whole Portsmouth Museums and Records Service.

This is a model that has been implemented by Hampshire County Council across six of their museums. The features of their 'community museum' model are:

- appointment of a Volunteer Co-ordinator county-wide to manage the recruitment of volunteers
- formal recruitment, training and a promise to deliver for all volunteers recruited
- role descriptions (including front-of-house, café, retail, collections management, learning)
- professional support provided by Hampshire Museums Service through an Area Curator
- a Visitor Services Assistant appointed at each site to oversee day to day operations and volunteers
- a Service Level Agreement with the Council covers such things as collections management, exhibitions, learning and community engagement.

Hampshire Museums have successfully managed to recruit between 15 and 20 volunteers per site and the new regime came into being on 29th May this year.

5.3.2. Strengths

- Cumberland House would receive the focus of a dedicated member of staff with a natural history background
- this model maximises the capacity of the Museum through volunteers
- this model builds on the community affection there is for Cumberland House
- the Museum will not cost the Council any more money to run
- the Museum has access to a range of expertise within Portsmouth Museums and Records Service
- the Museum has access to a range of expertise within Portsmouth City Council

- the Museum has access to a range of expertise within the University.

5.3.3. Weaknesses

- relentless salami slicing of budgets, as pressure on local authorities is only set to increase rather than diminish. This could jeopardise the success of the model
- reliance on recruitment and retention of volunteers.

5.4. **Option 3: Cumberland House Museum standalone trust**

5.4.1. Description

In this option, Cumberland House would become a Charitable Company Limited by Guarantee, with a separate trading subsidiary company. There would be a Board of Trustees, some of whom would also be directors of the trading company.

The collections and building would remain the property of Portsmouth City Council. The following documents will be required at a minimum:

- Memorandum and Articles of Association for the Charity
- a lease agreement for the collections and building
- a funding agreement that should be for no less than three years.

Other documents that could be drawn up, as appropriate, include a Transfer Agreement, Equipment Agreement, Support Services Agreement, Admission Agreement and Collections Agreement.

The Museum would have to register the company with Companies House and apply to be a charity with the Charities Commission.

The Council would seek to recruit a chair for the shadow board (the group of people who manage the transfer of the Museum to independence), who would then organise the formal recruitment through advert and personal approach of people with specific skills for the board (recommended 8 - 10 people). There are usually local authority nominees on the board (officers and members) but the Charities Commission is suspicious of a Trust's independence if there are too many.

Existing staff and transferred through Transfer of Employment (Protection of Employment) Regulations 2006 (TUPE).

5.4.2. Strengths

- a group of trustees with a single focus on the Museum
- decision-making will be faster than the local authority

- the Trustees will be able to determine future development and direction
- the Trust will be in a better position to raise funds from public trusts and funds
- the Museum potentially becomes more commercially minded.

5.4.3. Weaknesses

- risk of Council becoming divorced from the Museum
- the Museum is not big enough or attractive enough for the recruitment of quality trustees and the success of the model relies on a high performance board
- the Museum does not have the capacity or is attractive enough to secure significant external funding
- the Museum has little capacity to earn income and hence remains dependent on Council subsidy
- lack of access to capital
- lack of access to professional museum expertise
- lack of access to general Portsmouth City Council's professional support (eg legal, financial, personnel)
- risk in establishing several small standalone trusts in Portsmouth, as they are all competing for the same trustees and the same external funds.

5.5. Option 4: Canoe Lake trust

5.5.1. Description

This option has the whole of the Canoe Lake area as a single geographical trust, including Cumberland House, the Lake, Splashpad and surrounding park, the Lumps Fort, including the Rose Garden and Japanese Garden, the tennis court bowls green and all concessions based on site. Canoe Lake would become a Charitable Company Limited by Guarantee, with a separate trading subsidiary company. There would be a Board of Trustees, some of whom would also be directors of the trading company.

The museum collections, the park buildings and the park would remain the property of Portsmouth City Council. The documents are likely to be more complex than those required for the standalone Cumberland House trust and will include at a minimum:

- Memorandum and Articles of Association for the Charity
- a lease agreement for the collections, buildings and park
- a Support Services Agreement
- a funding agreement that should be for no less than three years.

Other documents that could be drawn up, as appropriate, include a Transfer Agreement, Equipment Agreement, Admission Agreement and Collections Agreement.

The park would have to register the company with Companies House and apply to be a charity with the Charities Commission.

In this model the Trust would continue to pay the Council a fee for grounds maintenance and would take the income from all the concessions based on site, except for the car park and beach huts.

5.5.2. Strengths

Option 4 includes the following strengths of Option 3:

- a group of trustees with a single focus on the park
- decision-making will be faster than the local authority
- the Trustees will be able to determine future development and direction
- the Trust will be in a better position to raise funds from public trusts and funds

Plus:

- an integrated approach to the management of the whole park
- the Trust will be bigger and stand a better chance of recruitment of quality trustees
- it is an operational model that the general public will understand
- through the concessions, there is capacity to increase income and cross subsidise loss making areas of the park.

5.5.3. Weaknesses

Option 4 includes the following weaknesses of Option 3:

- risk of Council becoming divorced from the park
- lack of access to capital
- lack of access to professional museum expertise
- lack of access to general Portsmouth City Council's professional support (eg legal, financial, personnel)
- risk in establishing several small standalone trusts in Portsmouth, as they are all competing for the same trustees and the same external funds.

Plus:

- extracting one park as a trust in the Portsmouth-wide park portfolio may lose economies of scale
- extracting one stretch of the seafront may work against a coherent seafront strategy
- the concessions will need active management
- income from concessions is complex and currently cross subsidises other areas of the Council, such as the seafront and car parking income
- in a larger trust the voice of the Museum is diluted.

5.6. Option 5: Broader museum, culture and/or leisure 'trust'

5.6.1. Description

In this option, all six museums and the Records Office become a single trust, rather than Cumberland House standing alone. In Sheffield, York and Carlisle, only their museums and art galleries have become part of the trust.

In Luton the trust's scope is one step further, with *Luton Culture* including the libraries, a theatre and an arts centre, as well as two museums. Wigan Culture and Leisure has a much broader remit with responsibility for:

- Arts and festivals
- Bereavement
- Greenspaces (grounds maintenance)
- Haigh Hall and Country Park
- Heritage Services
- Library Services
- Open spaces
- Sport and Healthy Living
- Tourist Information
- Young People
- The Learning Centre.

In April 2012 they took over responsibility for running Cannock Chase Council's two leisure centres, a theatre and a museum.

The Council has the option of creating a trust which could range in scope from just the museums and records to a whole range of related services. Although Wigan is a good comparator to examine, if considering a wider remit, it may be that charitable trust status is not the most appropriate model and the Council

could look at a Community Interest Company (described in 4.3.2) or Industrial Provident Society (4.3.3) or a Community Incorporated Organisation (4.2.3) to be launched in Autumn 2012. The pros and cons of the enterprising models (rather than philanthropic models) are described well in the document *The opportunity of devolved governance for museums, libraries and archives*, MLA, April 2010.

However, for consistency, the strengths and weaknesses of a trust model are considered below.

5.6.2. Strengths

Option 5 includes the following strengths from Option 3:

- decision-making will be faster than the local authority
- the Trustees will be able to determine future development and direction
- the Trust will be in a better position to raise funds from public trusts and funds.

Plus:

- the larger the trust, the greater the potential to make income and hence be more sustainable
- opportunity for cross fertilisation of ideas and approaches between different services
- maximising potential for economies of scale.

5.6.3. Weaknesses

Option 5 includes the following weaknesses of Option 3:

- risk of Council becoming divorced from the services
- lack of access to capital
- lack of access to professional museum expertise
- lack of access to general Portsmouth City Council's professional support (eg legal, financial, personnel)

Plus:

- in a larger trust the voice of the Museum is diluted.



6. Financial and other implications

6.1. Introduction

This chapter examines the financial implications for four of the five options. The budgets for Options 1 to 3 are based on existing budgets and comparator data.

The financial analysis for Option 4 is largely speculative. Firm benchmark data is lacking because Canoe Lake is part of a much bigger parks and recreation department and it is difficult to apportion costs. The finances presented here are mostly based upon comparator information from other sites.

No attempt has been made at an analysis of the financial implications of Option 5, as it is a large and separate exercise beyond the scope of the brief.

The expenditure and income estimates for the four options are overleaf, followed by a commentary that explains the rationale and assumptions behind the figures.



Table 4: Cumberland House budget

	Option 1 Status quo	Option 2 PCC + Volunteers	Option 3 CH Trust - standalone	Option 4 Canoe Lake Trust
Expenditure				
Employees				
1001 Basic Pay	£ 55,500.00	£ 36,000.00	£ 36,000.00	£ 86,000.00
1101 National Insurance	£ 3,200.00	£ -	£ -	£ -
1201 Superannuation	£ 5,400.00	£ -	£ -	£ -
1301 Non Contractual overtime	£ 2,400.00	£ -	£ -	£ -
1981 Other Employee expenses	£ -	£ 2,000.00	£ 2,000.00	£ 4,000.00
On costs	£ -	£ 9,000.00	£ 9,000.00	£ 21,500.00
Volunteer expenses	£ -	£ 14,486.00	£ 14,486.00	£ 18,476.00
Volunteer recruitment	£ -	£ 1,000.00	£ 1,000.00	£ 1,500.00
Total Employees	£ 66,500.00	£ 62,486.00	£ 62,486.00	£ 131,476.00
Premises				
2002 Building	£ 607.00	£ 607.00	£ 2,500.00	£ 2,500.00
2101 Grounds	£ 370.00	£ 370.00	£ 370.00	£ -
2401 Electricity	£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 5,000.00
2402 Gas	£ 4,150.00	£ 4,150.00	£ 4,150.00	£ 4,150.00
2451 Water services	£ 300.00	£ 300.00	£ 300.00	£ 300.00
2521 NNDR	£ 7,070.00	£ 7,070.00	£ 1,414.00	£ 1,414.00
2601 Fixture maintenance	£ -	£ -	£ 1,000.00	£ 1,000.00
2701 Refuse collection/ disposal	£ -	£ -	£ 150.00	£ 150.00
2721 Cleaning materials	£ -	£ -	£ 200.00	£ 200.00
2741 Other cleaning	£ 130.00	£ 130.00	£ 130.00	£ 130.00
Total Premises	£ 17,627.00	£ 17,627.00	£ 15,214.00	£ 14,844.00
Supplies & Services				
4006 Equipment (Non IT)	£ -	£ -	£ 1,000.00	£ 2,000.00
4061 Consumable materials	£ -	£ -	£ 500.00	£ 500.00
4236 Postages and carriage	£ -	£ -	£ 1,500.00	£ 1,500.00
4501 Computer hardware	£ -	£ -	£ 1,000.00	£ 2,000.00
4521 Software costs	£ -	£ -	£ -	£ -
4531 Telephone costs	£ -	£ -	£ 1,000.00	£ 2,000.00
4791 Other insurances	£ 200.00	£ 200.00	£ 3,000.00	£ 15,000.00
4792 Insurance claims	£ -	£ -	£ -	£ -
4989 Recharged supplies & services costs	£ -	£ -	£ -	£ -
Supplies	£ -	£ 10,000.00	£ 10,000.00	£ 10,000.00
Marketing	£ -	£ -	£ 10,000.00	£ 10,000.00
Cost of sales	£ -	£ -	£ 9,000.00	£ 9,000.00
Accountancy/audit	£ -	£ -	£ 2,000.00	£ 3,500.00
Governance/legal	£ -	£ -	£ 1,000.00	£ 1,000.00
Payroll admin	£ -	£ -	£ 1,000.00	£ 1,500.00
Total Supplies & Services	£ 200.00	£ 10,200.00	£ 41,000.00	£ 58,000.00
Agency & Third Party Payments				
5401 Private contractors	£ 11,750.00	£ 6,750.00	£ -	£ -
5989 Recharged agency & contracted service	£ -	£ -	£ -	£ 153,800.00
Total Agency & Third Party Payments	£ 11,750.00	£ 6,750.00	£ -	£ 153,800.00
TOTAL EXPENDITURE	£ 96,077.00	£ 97,063.00	£ 118,700.00	£ 358,120.00
Income				
Customer & client receipts	£ -	£ -	£ -	£ -
8171 Fees and charges	£ -	£ -	£ -	£ -
Retail income	£ -	£ -	-£ 14,000.00	-£ 14,000.00
8506 Miscellaneous income	-£ 1,000.00	-£ 1,000.00	-£ 1,000.00	-£ 1,000.00
Income from concessions	£ -	£ -	£ -	-£ 48,370.00
TOTAL INCOME	-£ 1,000.00	-£ 1,000.00	-£ 15,000.00	-£ 63,370.00
NET EXPENDITURE	£ 95,077.00	£ 96,063.00	£ 103,700.00	£ 294,750.00

6.2. Expenditure

6.2.1. Employees

Employees

For Option 1 (Status quo), there is one full-time and one part-time Museum Attendant and one part-time Sales Assistant.

Option 2 (Council governance with volunteers) sees a full-time Development Manager, who would have a natural sciences background and be responsible for the operation and development of the Museum, including the management of 31 volunteers. The Development Manager would be supported by an Administrative Officer for two days a week, who would provide administrative support and undertake the book keeping.

For Option 3 (Cumberland House as a standalone trust), there would be exactly the same staff complement as Option 2.

For Option 4 (Canoe Lake trust), as well as the Development Manager and Administrative Officer, there would be a full time Park Manager and full-time Ranger. The Park Manager would manage 15 park-specific volunteers.

Other employee expenses for Options 2 – 4 are for travelling, subsistence, attendance at courses etc. The budget doubles from £2,000 to £4,000 for Option 4 to reflect the doubling of staff numbers.

On costs of 25% (to cover National Insurance, Superannuation etc) have been added to all basic salary costs, although for the trust options - Options 3 and 4 - this percentage is likely to be lower (nearer 10 -12%) for new employees employed on trust terms and conditions.

Volunteers

For Option 1 (Status quo) there are currently no recruitment or expenses budgets for volunteers. They are held centrally by the wider museum service.

For Option 2 (Council governance with volunteers), it is assumed that 26 volunteers will cover the front of house duties and five will be involved in back of house functions, such as cataloguing, helping with school visits and marketing. It has been assumed that each of these volunteers will work eight half days a month and will be able to claim a maximum of £5.00 expenses per visit.

For Option 3 (Cumberland House standalone trust) the number of volunteers and expenses are assumed to be exactly the same as Option 2.

Option 4 (Canoe Lake trust) assumes an additional 15 volunteers, working four days a month in the park, with the potential to claim a maximum of £5.00 expenses per visit.

An allowance of £1,000 has been made for volunteer recruitment for Options 2 and 3 and also £806 for Criminal Records Bureau checks (CRB) of all 31 volunteers. For Option 4 £1,500 for Option 4 has been allocated to volunteer recruitment and £1,196 for CRB checks to reflect the additional 15 park-specific volunteers.

6.2.2. Premises

Building and grounds

The Options 1 and 2 budgets of £607 for buildings and £370 for grounds maintenance reflect current budgets estimated for 2012/13. For Option 3 (Cumberland House as a standalone trust), the buildings maintenance budget has been increased to reflect independent status. Under all trust options the buildings would still be owned by Portsmouth City Council and they would continue to undertake major repairs under the terms of a lease agreement. The £2,000 would be for minor repairs, maintenance and decoration.

In Option 4 (Canoe Lake trust) the buildings maintenance budget is the same, but grounds maintenance costs are reflected under *Third Party and Agency Payments* (153,800¹), as any new trust, at least initially, is likely to use the Council's existing contractors.

Utilities

All utilities costs are based upon the 2012/13 estimated budgets.

National Non Domestic Rate (NDR)

The budgeted rates for Option 1 (Status quo) and Option 2 (Council governance with volunteers) are based on the 2012/13 estimated budgets. For Option 3 (Cumberland House standalone trust) and Option 4 (Canoe Lake trust), the rate bill has been reduced by 80% to reflect charitable status. The Council has the discretionary power to grant 100% rate relief if it wishes.

Fixture maintenance, refuse and cleaning

The small budgets for trust-run options (Options 3 and 4) reflect the needs of independent status. For Options 1 and 2 costs such as these are absorbed by the Council.

6.2.3. Supplies and Services

Equipment, consumable materials, postage and carriage, computer software and hardware

There are no budgets for these headings in the estimated budget for Cumberland House for 2012/13 and hence the Option 1 (Status quo) and Option 2 (Council governance with volunteers) are at zero.

¹ Figure supplied by David Moorman [Assistant Parks Manager, Portsmouth City Council]

For Option 3 (Cumberland House as a standalone trust) and Option 4 (Canoe Lake trust) the budgets are based on a mix of pre-2012 expenditure and data from comparator museums. The uplift in equipment and computer hardware budgets between Options 3 and 4 reflect the doubling of staff for Option 4.

Telephone

For Options 1 and 2 the telephones are routed through the Council and hence do not incur charges.

The telephone charges for the trust-run options - Options 3 and 4 - are based on comparators. The uplift for Option 4 (Canoe Lake trust) reflects the doubling of staff, but also the possible need to have on-site mobile phones.

Insurance

The £200 budget Option 1 (Status quo) and Option 2 (Council governance with volunteers) is based on the 2012/13 estimates.

For Option 3 (Cumberland House as a standalone trust) this amount has been increased to £3,000 to reflect independent status. This figure is based upon comparator museums.

For Option 4 (Canoe Lake trust) the figure has been increased to £15,000 to reflect the risks in the wider park. This figure is based upon comparators, but needs further investigation.

Supplies

For Options 2 to 4 a supplies budget of £10,000 has been allocated. This is the main operational budget for the Museum (and in Option 4, the wider park) and is a very modest sum.

Marketing

For the Council-run Options 1 and 2, it is assumed that the marketing of Cumberland House would continue to be done by the Council.

For the trust-run options – Options 3 and 4 - £10,000 has been allocated for marketing. This is a very modest amount and based upon comparator sites.

Cost of sales

A budget of £9,000 has been added to Options 3 and 4 to purchase stock for the shop. In Options 1 and 2 (the Council-run options) this cost is managed centrally by the museum service.

Accountancy/legal/payroll/insurance

Fees have been added to Options 3 and 4 to enable the trust to buy in expertise and the increases between Option 3 and Option 4 reflect the doubling of staff for Option 4.

For Options 1 and 2 these support costs are absorbed by the Council.

6.2.4. Agency and Third Party Payments

Private contractors

This budget is used to pay private contractors and consultants and the budget of £11,750 in Option 1 (Status quo) includes a £5,000 carry forward from 2011/12. The budget has been adjusted to £6,750 for Option 2 as the carry forward has been allocated elsewhere across the operational budgets.

Recharged agency and contracted services

For Option 4 (Canoe Lake trust), the £153,800 reflects the amount of money that the trust would pay to the Council to undertake grounds maintenance. It is assumed that this budget will be added to the subsidy of Cumberland House as it is an existing budget within the Council's parks and recreation department.

6.3. Income

Admissions

Cumberland House is currently free of charge to enter and it undoubtedly accounts for the high number of visitors each year (averaging 50,000). Our stakeholder demonstrated the importance of free entry. If a charge was introduced, it is likely that the visitor numbers would fall dramatically and the income, although welcome, could not sustain the Museum.

Retail income

For the Council-run options - Options 1 and 2 - the cost of sales and retail income is managed centrally by the museum service. The shop's gross profit is currently £14,000 and this has been assumed for Options 3 and 4 (the trust-run options) that this level of gross profit will remain the same.

Income from concessions

For Option 4 (Canoe Lake trust), it is assumed that the income from all concessions on the site, apart from the beach huts and car park, will be invested back into the trust.

Miscellaneous income

In Options 1 - 4, £1,000 income is made through miscellaneous income, mostly donations, and it is assumed that this will continue at the same level.

6.4. Transfer to trust costs

The transfer to charitable trust for Options 3 and 4 will incur some one-off costs:

- legal costs (for the Trust and possibly the local authority) for the preparation of the governing document, the funding agreement, the asset transfer agreement, the collections agreement and any leases and/or licences. Also advising on the TUPE process and pension issues
- business planning support including detailed VAT assessments
- restructuring costs
- recruitment of a Chief Executive and other staff (if required)
- recruitment of Trustees and chair of Trustees
- actuaries fees
- development of a new corporate identity and costs of uniforms/signage/stationery etc
- launch costs
- trustee training.

The publication *An opportunity for change: Exploring the trust option for museum services*² suggests that these costs might be in the order of £75,000 - £125,000, depending upon the level of external legal, financial and business support needed. The author has recently been involved in transferring a museum from a local authority to charitable status and that process cost around £30,000, with considerable support in kind from the local authority.

6.5. Conclusions

None of the options save the Council money and it is a common misconception that a transfer to trust will do so and all of the options rely upon continuing Council subsidy. For the trust options, any savings made through staffing and the National Non Domestic Rate (NDR) are immediately needed by the trust to replace services previously provided by the Council or to support volunteer programmes. This is a pattern that repeats itself up and down the country when museums transfer to the independent sector.

Option 2 (Council governance with volunteers), with a net expenditure of £96,063, will cost the Council roughly the same amount of money that it does now, but there will be focused leadership for the museum and extensive community involvement through the new volunteering programme.

Option 3 (Cumberland House as a standalone trust) will cost the Council £103,700 about £9,000 more than it does now. This increase is due to the need to replace support services provided by the Council and to provide the Museum with a decent *Supplies & Services* budget to be able to improve and develop the Museum for the public.

² *An opportunity for change: Exploring the trust option for museum services*, Renaissance Yorkshire, BUUnlimited and Lawrence Graham LLP, 2008



Option 4 (Canoe Lake trust) has the most speculative of budgets. On paper at £294,750 this options appears to be vastly more expensive than the other options, but it comes within the boundaries of being achievable if it is assumed that £153,800 for grounds maintenance will be transferred to the trust as part of its subsidy. If income for the car park and the beach huts on site were taken into consideration (they are both currently excluded from the calculations), the Canoe Lake trust could be an attractive option and it is the one that has most potential to increase income over time and hence reduce Council subsidy.

7. Preferred option

7.1. Introduction

In this chapter all five options are scored objectively against the aims of the study, which provide a steer for the recommendations for the preferred option.

The options under consideration are:

Option 1: Status quo

Option 2: Council governance with volunteers

Option 3: Cumberland House as standalone trust

Option 4: Canoe Lake trust

Option 5: Broader museum, culture and/or leisure 'trust'.

7.2. Scoring the options

Each of the options was scored out of ten against the aims of the study.

This scoring sheet in 7.3 below is an attempt to bring some objectivity to issues that can rely on a very subjective judgement and the following commentary explains the rationale behind the scoring.

Each criterion is weighted according to importance to the project and each score in black is weighted and converted into an overall percentage for each set of project aims and an overall percentage along the bottom line. So, for example, Option 2 fulfils 52% of the brief, whilst Option 4 fulfils 61%.

To develop a more secure and sustainable revenue base

This aim is weighted more heavily than all others. Options 4 and 5 score the best because they are bigger entities and have the potential to generate more earned income and raise funds from private trusts and funds. Options 1 and 3 are the least sustainable because they have so few options for earning income. Option 2 scores higher than 1 and 3 because its structure is leaner and it can call upon the Council for service support.

To produce savings for the local authority in the short term

Options 1 and 2 score more highly than the trust-run options because the Council could choose to make savings from within the services. None of the trust options will produce savings for the Council and, once a service has transferred to trust and there is an agreement in place, it is more difficult to reduce the subsidy.

To provide capital investment in the Museum

One of the big weaknesses of a transfer to trust is lack of access to capital funding. Options 1 and 2 score more highly than the trust-run options because they would still have access to the Council's capital funds.

To improve the service

Options 3 and 4 offer the best opportunity to improve the service, through a focused and committed trustee board and appointment of a Development Manager and volunteers. Option 5 scores lower than 3 and 4 because it is a bigger trust and the board would not be so focused on Cumberland House. Option 2 offers scope for improvement of the service because of the appointment of the member of staff and volunteers. However, it would not have the benefit of a dedicated board.

To maintain the stewardship of the collections

All the options score exactly the same because curatorial care will be provided by the existing museum service, whether Cumberland House remains the Council-run or becomes a trust.

To improve decision-making speed

The trust options score more highly than Options 1 and 2 because a board of trustees will streamline the decision-making process.

To enable the Museum to be more accountable to the community

Options 2 to 5 score most highly because of the recruitment of volunteers from the community and, in the case of the trust options, recruitment of volunteer trustees.

To maintain and broaden its audiences

Options 2 to 5 score the same because of the appointment of the Development Manager and recruitment of volunteers.

To encourage partnership working

The trust options score more highly because the trusts are likely to seek partners more actively because they will be seen as important to the survival of the service. It is possible that potential partners may respond more positively to an independent body, rather than the Council.

To facilitate an entrepreneurial approach

The trust options will need to generate funding to survive and this will encourage the Museum to be more entrepreneurial than if it stayed within the Council.

7.3. The scores Helen replace this

CUMBERLAND HOUSE OPTIONS SCORING MATRIX												
CONSIDERATIONS	Weighting	Option 1 - Status quo - score/10		Option 2 - Council governance with volunteers - score/10		Option 3 Cumberland House standalone trust - score/10		Option 4 - Canoe Lake trust - score/10		Option 5 - Broader museum, culture and/or leisure trust - score/10		Notes
		Option 1 - Status quo - weighted score	Option 2 - Council governance with volunteers - weighted score	Option 3 Cumberland House standalone trust - Weighted Score	Option 4 - Canoe Lake trust - Weighted Score	Option 5 Broader museum, culture and/or leisure trust - weighted score						
To develop a more secure and sustainable revenue base	20	3.0	6.0	5.0	10.0	3.0	6.0	7.0	14.0	9.0	18.0	Most able to secure = 10
To produce savings for the local authority in the short term	5	5.0	2.5	5.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	Most able to produce = 10
To provide capital investment in the Museum	15	5.0	7.5	5.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0	Most able to provide = 10
To improve the service	15	2.0	3.0	6.0	9.0	8.0	12.0	8.0	12.0	6.0	9.0	Most able to improve = 10
To maintain the stewardship of the collection	5	8.0	4.0	8.0	4.0	8.0	4.0	8.0	4.0	8.0	4.0	Most able to maintain = 10
To improve decision-making speed	5	2.0	1.0	2.0	1.0	8.0	4.0	6.0	3.0	4.0	2.0	Most able to deliver speed = 10
To enable the Museum be more accountable to the Community	10	2.0	2.0	6.0	6.0	8.0	8.0	8.0	8.0	6.0	6.0	Most able to be accountable = 10
To maintain and broaden its audiences	5	4.0	2.0	8.0	4.0	8.0	4.0	8.0	4.0	8.0	4.0	Most able to maintain = 10
To encourage partnership working	5	2.0	1.0	4.0	2.0	8.0	4.0	8.0	4.0	8.0	4.0	Most able to encourage = 10
To facilitate an entrepreneurial approach	15	2.0	3.0	4.0	6.0	8.0	12.0	8.0	12.0	6.0	9.0	Most able to facilitate = 10
	100	32.0		52.0		54.0		61.0		56.0		



7.4. Conclusions

Option 4 (Canoe Lake trust) scores the best overall most because it can offer financial sustainability to Cumberland House within a bigger trust, that has the potential to generate earned income, without losing the intimacy and focus on the Museum.

Option 5 (Broader museum, culture and/or leisure 'trust') also scores highly, but there are concerns about Cumberland House becoming part of a very big trust. Although it is attractive in terms of sustainability, the Museum could potentially lose its voice and focus and find itself fighting for attention and funding against other competing services.

Option 3 (Cumberland House as a standalone trust) is an attractive option, but the Museum's inability to generate significant levels of earned income jeopardises its long term sustainability and it would remain highly dependent on Council subsidy. Although it looks better financially on paper than the Canoe Lake trust, it feels riskier in the long term and gives Cumberland House less opportunity to expand its remit.

Option 2 (Council governance with volunteers) is also an attractive model with a lean community-focused structure, but its continued management by the Council leaves it exposed to further cuts.

Option 1 (Status quo) is not an option, because the Museum needs to change, even to stand still.

7.5. Recommendations

7.5.1. In the short term (1 – 3 years)

It is recommended that Cumberland House moves to Option 2 (Council governance with volunteers), with the appointment of a Development Manager and recruitment of volunteers for front of house and back of house duties. Cumberland House will also benefit from the results of a current Museums and Records Service project that is focusing on improving the recruitment of volunteers for front of house duties. The volunteer support officers at both the Council and the University have confirmed that there will be an appetite for volunteering at Cumberland House and the experience of Hampshire County Council, who are willing to share their recent knowledge, has also demonstrated the benefits and viability of a structured volunteer programme.

This strategy gives Cumberland House the breathing space to test whether the volunteer approach will actually work.

7.5.2. In the medium term (3 – 5 years)

It is recommended that the Canoe Lake trust is explored in detail as this option seems most suited to Cumberland House's needs and would give it the

opportunity to change its focus, be integrated into the park and learn from adjacent services and facilities.

7.6. Capital investment

Whether Cumberland House transfers to trust or not, it is in desperate need of capital investment, primarily to refresh its displays, potentially reconfigure its ground floor, build a new butterfly house and maximise use of the garden.

One of the real disadvantages of transfer to trust is the lack of access to capital funds. Without it, Cumberland House will struggle to improve and achieve its potential. The imminent investment of £50,000 in the displays is a great start, but Cumberland House needs more to be able to make a difference.

Hence it is recommended that the Council allocates a capital sum to Cumberland House that can be used as match funding for a Heritage Lottery Fund (HLF) bid. As a strong community-focused museum, Cumberland House will stand every chance of an HLF success, but it will need capital match funding from the Council in order to be able to submit an application.

With the recent HLF submissions by Canoe Lake and the D-Day Museum, the timing has not been right for Cumberland House to prepare its own bid, but the aim should be to submit an application within the short-term (1 – 3 years) framework.

Appendix 1

Consultees

1. Consultees

Stephen Bailey, Head of Cultural Services, Portsmouth City Council

Jessica Daish-Miller, Assistant Education Officer, Hampshire and Isle of Wight Wildlife Trust

Friends of Cumberland House

Professor Matt Guille, Head of School and Professor of Developmental Genetics, Biological Sciences University of Portsmouth

Councillor Terry Hall, Portsmouth City Council

Rosalinda Hardiman, Collections Manager, Portsmouth City Council

Alice Hickman, Purple Door Careers and Recruitment, University of Portsmouth

Delyth Horsley, Voluntary and Community Sector Support Officer

Councillor Lee Hunt, Portsmouth City Council

Jane Mee, Museum and Records Manager, Portsmouth City Council

David Moorman, Assistant Parks Manager, Portsmouth City Council

Vincent Mount, Senior Landscape Architect, Portsmouth City Council

Portsmouth Museums and Records Society (Sharon Morris and Vernon Bye)

Dawn Preston, Education Officer, Hampshire and Isle of Wight Wildlife Trust

Raymond Pratt, Cumberland House, Museum Attendant

Sarah Randall, Fernhurst Junior School

Margaret Rawlinson, Cumberland House Museum Attendant

Chris Richards, Community Services Manager, Portsmouth City Council

Mark Smith, Chair of Portsmouth Cultural Trust

Councillor Luke Stubbs, Portsmouth City Council

Councillor Winnington, Portsmouth City Council

Susan Wright, Strategic Manager, Community Engagement and Learning, Hampshire Museums Service



Appendix 2

Schedule of legal documents



2. Schedule of legal documents

The following schedule of legal documents is taken from *An opportunity for change: Exploring the trust option for museum services*, Renaissance Yorkshire, BUlimited and Lawrence Graham LLP, 2008 and represents the full range of documents that might be needed. In reality, only some of these will be required.

Document	Parties	Key provisions
Memorandum & Articles of Association		The Trust's governing document setting out the objects, powers, liability, and dissolution provisions, and the provisions for the calling and conduct of board and member meetings, the appointment, removal and disqualification of directors.
Transfer agreement	(1) Council (2) Trust	<p>This agreement will identify the components of the service to be transferred from the Council to Trust and then, in relation to each aspect of the service, the agreement will set out the terms of the transfer arrangements. The components of the service likely to be transferred are:</p> <ul style="list-style-type: none"> • employees • stock • supply contracts <p>The agreement will also set out which aspects of the service which will not transfer to the new Trust eg debts and liabilities.</p> <p>The agreement will also set out mutual indemnities – protecting each party from liabilities arising from an act or omission of the other party.</p>
Funding and Management Agreement	(1) Council (2) Trust	<p>This agreement will set out the terms and conditions of the funding arrangements between the parties. It will identify the key performance outputs required by the Council (by reference to an output specification to be scheduled to the agreement) and the funding to be provided by the Council to assist the Trust to deliver the required outputs.</p> <p>The agreement will set out in detail the monitoring and review arrangements, an escalation procedure for managing poor performance, termination and, importantly,</p>



		exit and handover arrangements.
Equipment Agreement	(1) Council (2) Trust	It is proposed that the loose equipment associated with the facilities be 'loaned' to Trust for the duration of the service period. This means that the Council will not transfer the legal title to the equipment to Trust. This means that the Council can recover these assets in the event of Trust's insolvency.
Support Services Agreement	(1) Council (2) Trust	It is anticipated that the Trust may contract back certain support services from the Council. This agreement will formalise these arrangements. It will set out the terms on which the services will be provided and the payment arrangements. It will also set out the termination arrangements. The services to be provided will be set out in detail in the schedules with a service specification for each service.
Leases	(1) Council (2) Trust	The parties will enter into a lease in relation to each of the museum facilities. The lease will set out the lease term, the user clause, repair and maintenance and any early termination provisions eg a break clause for redevelopment.
Admission Agreement	(1) Pension Fund Trustees (2) Council (3) Trust	The Trust will be eligible to be admitted to the Superannuation Scheme. Thus all existing employees pension position will be protected. New employees will be eligible to join subject to the terms of the Scheme.
Collections Agreement	(1) Council (2) Trust	The museum collections themselves will be loaned to the Trust (not transferred) and the terms of such loan will be set out in this Agreement. The collections would be managed in accordance with an agreed Acquisition and Disposal Policy.

Appendix 3

Example Heads of a Funding Agreement

3. Example Heads of a Funding Agreement

The example 'Heads of' documents in Appendices 3, 4 and 5 are all taken from the report *Moving to Museum Trusts: Learning from Experience Advice to Museums in England & Wales*, MLA, 2006.

	Head	Content
1	Preamble	<p>a) Statement of parties to the Agreement (normally only the council and the museum trust)</p> <p>b) Background summarising the circumstances which have led to the Funding Agreement</p> <p>c) Statement that any Schedules to the Agreement form part of it</p> <p>d) Definitions of key words and expressions used in the Agreement, including the museum trust's aims and objectives</p>
2	Term	<p>a) The date when the obligations upon the council and the museum trust commence, and the date of termination</p>
3	Financial Information	<p>a) The form of the financial information to be provided to the council by the museum trust (eg management accounts)</p> <p>b) The content of that information (eg income and expenditure account, cashflow and balance sheet)</p> <p>c) A requirement that the financial information be capable of comparison with any other financial records prepared (ie annual accounts and business plan)</p> <p>d) The frequency of submission of information to council and date to which the information should be made up</p> <p>e) The museum trust to disclose to the council material variances to business plan and forecasts should they arise</p> <p>f) The museum trust to provide statutory accounts within a specified period from the year-end to which the accounts relate</p> <p>g) The museum trust to furnish the council with such other financial information as it might require, and to authorise the trust's bankers to provide financial information to the council</p> <p>h) The museum trust to follow appropriate accounting</p>



		standards and practice
4	Business Plan	<p>a) The museum trust to produce an annual business plan stating its aims and objectives for the coming [three-year⁹³] period to which the Funding Agreement relates, with proposed operational programmes and financial forecasts for that period</p> <p>b) The museum trust to include other details in the business plan (eg development projects, temporary exhibition and educational programmes, marketing proposals and pricing strategies)</p>
5	Reports	<p>a) The museum trust to provide the council with a copy of its annual report, and deliver copies elsewhere (eg local libraries, museum sites for inspection by the public) and other tiers of local government</p> <p>b) Representatives of the museum trust to attend periodic meetings with the council to report on its work, stating the minimum frequency of those meetings</p> <p>c) The museum trust to provide performance information to the council (eg admission numbers, visits by schools, and the frequency of those reports)</p>
6	Council Grants	<p>a) The initial base grant payable by the council</p> <p>b) Where base grant is being committed for a period longer than a single financial year, the base grant payable by the council in subsequent financial years (or the means of calculating it), either to the end of the Agreement or any break point specified in the Funding Agreement or</p> <p>c) Where the base grant is negotiated on the basis of business plan forecasts, the arrangement and time limits for those negotiations, and arbitration arrangements in the case of non-agreement;</p> <p>d) The procedure whereby the museum trust may determine the Agreement in the case of non-agreement over funding between the council and the trust</p>
7	Determination	<p>a) In the case of determination by either party, and the consequent transfer of the museum trust's assets to the council, the council to indemnify the museum trust against any costs arising from that transfer and (if appropriate) its winding-up</p>



8	Grant Payments	<p>a) Payments of base grant by the council to the museum trust are in no circumstances to be repayable, subject only to the museum trust solely using the grant in accordance with its aims and objectives</p> <p>b) Arrangements for payment (eg quarterly in advance)</p> <p>c) Arrangements for supplementary grants (eg contributions to capital projects) or loans made to provide working capital, including ceilings on such payments and details of how they are to be repaid</p>
9	Property	<p>a) Arrangements to fund the maintenance of property transferred from the council to the museum trust, including any residual obligations on the part of the council, and arrangements to be made by the council to meet those obligations</p> <p>b) The council to lease property to the museum trust at nominal or peppercorn rentals.</p>
10	Existing Arrangements	<p>a) The museum trust to maintain any services and informal partnerships previously performed by the council</p>
11	Education Programmes	<p>a) Arrangements for free or discounted admissions¹ by schools in the council's administrative area and further afield, and any other services that may be agreed</p>
12	Museum Trust's Obligations	<p>a) The museum trust to maximise the efficient use of its resources</p> <p>b) The museum trust to comply with its aims and objectives, and to secure council approval for their amendment (such consent not to be unreasonably withheld)</p> <p>c) The museum trust to maintain appropriate insurances</p> <p>d) The museum trust to advise the council of any activities or events which may be expected to be controversial</p> <p>e) The museum trust not to use the museum premises for other than providing museums and galleries and ancillary activities designed to maximise the achievement of the museum trust's aims and objectives</p>

¹ while noting the requirements of European law that requires all EU nationals to be subject to same tariff of charges, and prohibits advantageous rates of admission to be given to local people (European Court of Justice Case C-388/01 N° 4/2003 : 16 January 2003)



		<p>f) The museum trust not (unless identified by it in its business plan) to fund other bodies to provide exhibitions or activities, or to make loans or give guarantees without the council's consent</p> <p>g) The museum trust not to dispose of any material part of the museum trust's operations or assets without the council's consent</p> <p>h) The museum trust to allow the council's representative (in addition to any nominated members) to attend board meetings as non-voting observers</p> <p>i) The museum trust to notify the Council of any significant litigation that might affect the museum trust</p> <p>j) The museum trust to conduct its affairs in a prudent and businesslike manner</p> <p>k) The museum trust not to change the governing instrument without the consent of the Council</p> <p>l) The museum trust not to do anything that might lead to it becoming a regulated company for the purposes of Part V of the Local Government & Housing Act 1989</p> <p>m) The museum trust to maintain the opening arrangements specified in the business plan</p> <p>n) The museum trust to retain or achieve appropriate standards (eg Museum Accreditation) and use its best efforts to maintain its status (eg museum with Designated Collections, member of Regional Hub)</p> <p>o) The museum trust to establish criteria for appointment as trustees, and advertise vacancies</p> <p>p) The museum trust to follow standards of propriety, equality of opportunity, freedom of information, and public interest disclosures of information such as those generally adopted by local government</p> <p>q) The museum trust to operate a complaints procedure of the same type and form as any operated by the Council</p> <p>r) The museum trust to co-operate with the investigations of any statutory regulator (eg Audit Commission, Commission for Local Administration)</p>
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		s) The museum trust to put in place appropriate arrangements to reflect the council's obligations under the Freedom of Information Act 2000
13	Default & Termination	<p>a) The council to take action on material breach by the museum trust by issuing notice of breach and required remedy</p> <p>b) The museum trust to remedy on receipt of notice and, if it fails so to do, the council may move to terminate the Agreement</p> <p>c) The council may also terminate where in its reasonable opinion no remedy is possible or the museum trust passes a resolution for winding-up, or is declared insolvent</p> <p>d) Termination not to affect the rights or liabilities of either the trust or council accrued since termination</p>
14	Warranties	a) The council and museum trust to warrant separately, that, to the best of their knowledge, information and belief, they have the powers to enter into the Agreement and that it is legally enforceable on them, that they are not the subject to any relevant legal action, and there is no other circumstance which would be expected to affect either party's willingness to sign the Agreement.
15	Council's Statutory Role	a) Nothing in the Agreement to affect the right of the council as local planning authority or in any other capacity, nor to relieve the Trust of any obligation to secure approvals or consents from the council in any of its statutory capacities.
16	Variations	<p>a) No variation to be valid unless in writing and signed on behalf of both parties</p> <p>b) The Agreement and any Schedules to form the whole Agreement</p>
17	Waiver	a) No failure or delay to exercise or enforce rights, or partial action, to constitute a waiver or preclude later enforcement.
18	Governing Law	a) The Agreement to be governed by English law and within the jurisdiction of the English courts
19	Notices	a) All notices under the Agreement to be in writing, and delivered as specified
20	Assignment	a) The Agreement to be binding on successor bodies but not assignable to other bodies



21	Counterparts	a) All counterparts of the Agreement to constitute a single instrument
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Appendix 4

Example Heads of a Transfer Agreement

4. Example Heads of a Transfer Agreement

	Head	Content
1	Preamble	<p>a) Statement of parties to the Agreement (normally only the council and the museum trust)</p> <p>b) Background summarising the circumstances which have led to the Transfer Agreement</p> <p>c) Statement that any Schedules to the Agreement form part of it</p> <p>d) Definitions of key words and expressions used in the Agreement, taking into account the Schedules that list the rights, assets and equipment and contractual commitments</p> <p>e) The date and time of transfer from the council to the museum trust</p>
2	Assets to be transferred	<p>a) The transfer to include Goodwill as well as all assets relating to the museum (listed in Schedules),</p> <p>b) The museum trust to enjoy the benefit of rights and claims including sums due to the council from third parties and insurers in respect of damage or injury to those assets</p> <p>c) The museum trust to enjoy the benefit of existing contracts and pre-payments made by the council in relation to the museum</p> <p>d) The council to transfer to the museum trust all original documentation and records relating to the museum</p> <p>e) The council to transfer to the museum trust other property and assets wholly or mainly used by the council in connection with the provision of the museum</p>
3	Exclusions from Transfer	<p>a) The items not specifically referred to in clause 2 and the relevant Schedules to fall outside of the transfer</p>
4	Consideration	<p>a) Consideration for the transfer to be the trust's obligations in the Funding and other agreements (including the transfer agreement)</p>
5	Creditors	<p>a) Council to be responsible for payment to creditors and other claims in respect of transactions or services provided whether to the trust or in operating the museum until the transfer date</p>



		<p>b) Council to give notice to the museum trust of any claims made against it, and not take action on that claim is the consequence might be to damage the museum trust</p>
6	Assumed Contracts	<p>a) Council to assign to the museum trust all existing contracts (except those requiring third party consent)</p> <p>b) Council and museum trust to have a mutual obligation to indemnify each other against loss due to acts, defaults or delays in respect of the transfer of these contracts</p>
7	Non-Assignable Contracts	<p>a) The Transfer Agreement not to constitute assignment or novation where consent of another party required</p> <p>b) The Council to use best efforts to secure assignment or novation if requested by museum trust</p> <p>c) If assignment or novation not possible, the Council will co-operate with museum trust to secure the benefits arising from the contract incapable of assignment or novation</p> <p>d) Where new arrangements cannot be made, neither council or museum trust to have further obligations to each other in that regard</p> <p>e) Council to transfer possession but not ownership of items that are subject to operating or finance leases, those items to be enjoyed by the museum trust until the expiry or determination of those leases</p> <p>f) These provisions to be without prejudice to the museum trust's rights in respect of any contract or rights which the council has warranted is assignable.</p>
8	Employees	<p>a) The Council to indemnify museum trust against any acts by or liabilities incurred by the council before the transfer date where that act is deemed to be done by the Trust under TUPE (Regulation 5)</p> <p>b) Council generally to indemnify museum trust against any acts by or liabilities incurred the council before the transfer date</p> <p>c) the council to bear all costs of employment until and including the transfer date</p> <p>d) The museum trust to exercise the requirements of TUPE and the government's Code of Conduct on</p>

		<p>transfers</p> <p>e) The council to monitor the museum trust's compliance with the Code of Conduct</p>
9	Intellectual Property & Copyright	<p>a) The provisions concerning copyright and intellectual rights in the Collections Agreement to be acknowledged</p> <p>b) The council to license the museum trust to manage the other intellectual property and copyright that falls within the assets to be transferred</p> <p>c) The museum trust to benefit from any income it generates from exploiting that copyright</p> <p>d) The museum trust to be able to licence any trading subsidiary wholly-owned by it to exploit copyright and intellectual property assets</p> <p>e) Intellectual property and copyright created by the museum trust under the Funding Agreement to pass to the council on termination</p>
10	Completion	<p>a) The arrangements for completion of the Agreement, including location and business to be transacted</p> <p>b) The council to give possession of assets to the museum trust, and deliver the books and other records on completion</p> <p>c) All leases, licences, Funding and Collections Agreements to be executed on completion</p> <p>d) The council may execute all other necessary documents after completion, until which time the council shall hold any relevant assets that are the subject of those documents on trust for the museum</p>
11	Post-Completion Obligations	<p>a) The museum trust to retain any accounting or other records passed over by the council for such period as the law requires, and shall make these available to the council during normal office hours, and provide such copies as the council requires (at the council's expense)</p> <p>b) The council to pay to the museum trust any monies received by the council after completion and due to the museum trust under the Agreement</p>
12	Post-Completion Services	<p>a) The council to provide the museum trust with the services specified (and detailed in Schedule) after the transfer date, and the notice to be given by the museum</p>



		<p>trust to the council to terminate provision of those services</p> <p>b) The museum trust to pay for these services monthly in arrears on receipt of an appropriate VAT invoice, other than payroll costs which are to be paid within seven days of receipt of a VAT invoice</p>
13	Warranties	<p>a) The Council to warrant completeness and accuracy of statements relating to its position relating to taxation, the museum and the consequences of its transfer to the museum trust, employees, title to assets, contracts, pensions and other benefits, insurances and collections, subject to agreement that the museum trust will not pursue any remedy for breach where there is no loss to the museum trust or the council agrees to indemnify it from the consequences of that breach</p>
14	Trust's Remedies	<p>a) Where the warranties are found to be untrue or misleading before the transfer date the museum trust may rescind the Agreement, with Council indemnifying it against any costs and expenses incurred by it in the preparation of the Transfer Agreement</p> <p>b) The council to indemnify the museum trust against all loss and claims arising out of the warranties being untrue or misleading</p>
15	Litigation and Disputes Indemnity	<p>a) The council to indemnify the museum trust against all claims arising out of the operation of the museum prior to the transfer date and any assets transferred, whether before or after the transfer date</p>
16	VAT	<p>a) The council and museum trust to state that both parties believe/do not believe the transfer constitutes a supply for VAT purposes, and VAT is therefore chargeable/not chargeable</p> <p>b) If deemed to be non-chargeable, the Council to account for whole VAT payment due in the event that VAT is chargeable on the transaction</p>
17	Confidential Information	<p>a) The council to agree that after the date of the Transfer Agreement it will not communicate other than to officers and employees of the museum trust any information that the museum trust considers to be confidential, or which might materially affect the museum trust's interests, subject to its statutory obligations</p>

18	Pensions	a) The council and museum trust to enter into pension arrangements (detailed in Schedule) in respect of staff transferred from the employment of the staff to the museum trust
19	Announcements	a) Formal announcement of transfer to be made by a single press release jointly issued by council and museum trust on the transfer date b) Other announcements by either council or museum trust to be agreed in advance by both parties, with neither side to unreasonably withhold consent
20	Variations	a) No variation to be valid unless in writing and signed on behalf of both parties b) The Agreement and Schedules to form the whole Agreement
21	Waiver	a) No failure or delay by council or museum trust to exercise or enforce rights, or partial action, to constitute a waiver or preclude later enforcement.
22	Governing Law	a) The Agreement to be governed by English law and within the jurisdiction of the English courts
23	Notices	a) All notices under the Agreement to be in writing, and delivered as specified
24	Assignment	a) The Agreement to be binding on successor bodies but not otherwise assignable
25	General	a) Warranties and indemnities (other than those already performed) to remain in place notwithstanding Completion b) Unenforceability or invalidity of any single provision of the Agreement not to affect the remainder of the Agreement
26	Counterparts	a) All counterparts to constitute one and the same instrument
	Schedules 1 – Assets	List of Furniture and Equipment Assumed Contracts eg <ul style="list-style-type: none"> • Loans and exhibitions • Rental agreements for office equipment • Standing Orders for supply of good and services • Communications equipment • Picture Library Agency



		<ul style="list-style-type: none"> • Arrangements with casual and freelance staff <p>Finance and operating leases eg</p> <ul style="list-style-type: none"> • computer and office equipment • motor vehicles • plant and equipment
	2 – Properties	List of properties and land occupied by the museum
	3 – Employees	<p>List of employees transferring under TUPE, showing</p> <ul style="list-style-type: none"> • name, address date of birth, NI and payroll number; • job title and place of work; • date of start of continuous service in local government; • date of start of employment with council; • whether union member and, if so, name of union; • grade and salary; • holiday entitlement/ TOIL owing; • outstanding claims against the council.
	4 – Pension scheme	Council to use best efforts to secure admission to Local Government Pension Scheme, and take responsibility for all liabilities up to transfer date
	5 - Services to be Provided by the Council	<p>a) Financial and accounting services</p> <p>b) Payroll</p> <p>d) Facilities (council courier and cash collection)</p> <p>e) ICT support</p> <p>f) Legal services</p>
	6 - Warranties ¹	<p>a) The council to warrant that the Schedules are true, complete and accurate, and</p> <p>b) It has not withheld any information that might affect the museum trust's willingness to enter into the Agreement, and</p> <p>c) None of the provisions of the Agreement are contrary to the law and</p> <p>d) There are no legal circumstances that preclude the transfer and</p>

¹ Where the Council is aware of issues that make it unable to enter into these warranties as stated the museum trust should be advised of these circumstances, which should be listed as a Schedule and acknowledged in the main part of the Agreement

	<p>e) It has complied with all its obligations in respect of taxation, including the stamping of legal documents relating to the museum, and whether or not elections to waive VAT exemptions have been exercised, and</p> <p>f) There has been no material change in the nature of the museum's operations of which the museum trust is not aware within the preceding period, and the council has all the necessary permissions and consents necessary for carrying out its museum function and has complied with all legal and other requirements, and</p> <p>g) The council is not withholding from the museum trust any records or data relevant to the museum on transfer, and</p> <p>h) The council is not aware of any circumstance that would damage the operation of the museum by the museum trust, cause it to lose any right or benefit, or result in any financial penalty and</p> <p>i) The schedule listing present employees together with their remuneration is complete and</p> <p>j) No employee is subject to more than three month's notice on either side and</p> <p>k) No employee is eligible for money or benefits other than their contractual emoluments and there are no contingent liabilities for loss of employment, and</p> <p>l) There are no arrangements for payments on retirement, death or disability other than those of the Local Government Pension Scheme, and</p> <p>m) The council has complied with its statutory obligations to its employees, and</p> <p>n) The council is not engaged in any industrial disputes that concerns the operation of the museum, and</p> <p>o) There are no matters concerning remuneration of employees, or representation by trades unions, other than those disclosed to the museum trust, and</p> <p>p) The council has advised the museum trust of all matters relating to employees including recruitment, conditions of service, grievance and disciplinary procedures, and</p> <p>q) All assets are owned by the council, not subject to lease or other deferred terms, and in its possession, and</p>
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	<p>available for the use of the museum trust on the transfer date, and</p> <p>r) All equipment, machinery and plant is in good repair, and none of the utilities necessary to operate them is in danger of discontinuance, and</p> <p>s) No property occupied by the museum is subject to any circumstance that precludes its use by the museum trust, there is no claim or liability in respect of any property and nor are there are current or anticipated disputes, the use of the property is lawful under planning legislation, and no compulsory purchase situation is foreseen, and</p> <p>t) No assumed contract has any onerous or unusual conditions and any permissions or consents have been obtained, and</p> <p>u) There are no unusual or long-term contracts involving obligations or a nature or magnitude that call for special mention, and</p> <p>v) The information concerning pensions is full and complete, all regulations concerning the LGPS have been disclosed to the museum trust, and no discretion or power has been exercised by the council to augment or provide additional benefits, and all outstanding matters concerning early retirements and other pension matters, including ex gratia payments, will be determined by the council in advance of the transfer date, and</p> <p>w) The council has made full disclosure on all matters concerning insurances, including those relating to museum collections, and provided details of claims or potential claims including those which may give rise to litigation, and</p> <p>x) The council has disclosed full details on the collections, including those not on display.</p>
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Appendix 5

Example Heads of for a Collections Agreement



5. Example Heads of a Collections Agreement

	Head	Content
1	Preamble	<p>a) Statement of parties to the Agreement (normally only the council and the museum trust)</p> <p>b) Background summarising the circumstances which have led to the Collections Agreement, with specific reference to Transfer and Funding Agreements</p> <p>c) Definitions of key words and expressions used in the Agreement, including those of the museum's separate collections and distinguishing those that are constituted as special trusts</p>
2	Loan and licensing of the Collections	<p>a) loan and licence the collections to the museum trust for the period of the Funding Agreement;</p> <p>b) the museum trust to keep collections in its possession and control in a reasonable condition and according to good museum practice including (insofar as is possible) appropriate environmental conditions</p> <p>c) the museum trust to comply with the council's acquisition and disposal policy, standards (eg Museum Accreditation) and the terms of any special trust [which may be subject to separate specification of terms and conditions in the Collections Agreement].</p>
3	Acquisition and Disposal	<p>a) The museum trust not to dispose of collections without the council's consent, and disposal to follow requirements of Museum Accreditation scheme</p> <p>b) The council not to dispose of collections without the museum trust's consent, and disposal to follow requirements of Museum Accreditation scheme</p> <p>c) The museum trust to be permitted to acquire items for the collection which shall become the property of the council</p> <p>d) The museum trust only to collect within relevant laws (eg Treasure and Wildlife Laws) and where it can establish good title for the council</p> <p>e) The council to periodically review acquisition and disposal policy in collaboration with, and taking the advice of, the museum trust</p>



4	Lending	<p>a) The museum trust to be authorised to lend material to other museums and (with only with the council's consent) to other organisations and individuals, subject to standard conditions agreed by the council</p> <p>b) The museum trust to be required to make available items from the collections for displays and exhibitions or museums operated by the council</p>
5	Insurance	<p>a) The museum trust to insure in the joint names of the council and museum trust, and at the cost of the museum trust, all those collections insured by Council up to date of Collections Agreement</p> <p>b) Otherwise either council or museum trust to be under any obligation to insure or repair or replace in the case of loss or damage</p> <p>c) Insurance only to be effected with the consent of the other party, but both parties responsible for ensuring that policies do not become voidable</p> <p>d) Any insurance monies received to be used for the benefit of the collections</p> <p>e) The museum trust to maximise use of Government Indemnity Scheme</p> <p>f) The museum trust to insure items on loan from third parties</p> <p>g) the museum trust to insure (at its own expense) the council's collections against loss, damage, theft as a consequence of the wilful or reckless acts or omissions of the museum trust and its staff, subject to its liability to the council being limited to the extent of a successful claim on its insurance</p> <p>h) The museum trust to procure any insurance as required by the council</p>
6	Catalogues	<p>a) The museum trust to maintain and develop the catalogue of the museum's collections according to good museum practice</p>
7	Copyright	<p>a) The museum trust [and/or its trading company] to be licensed to manage the copyright and intellectual property rights in the collection and its associated documentation</p>

		<p>b) The museum trust [and/or its trading company] to retain any income it derives from exploiting copyright and intellectual property rights in the collection</p> <p>c) The council and museum trust to jointly own any new copyright created based on the collection</p> <p>d) The museum trust to indemnify the council from any claims arising from infringement of the copyright of others over items relating to the collection</p>
8	Indemnity	a) The council and museum trust to indemnify each other against losses due to negligence or statutory breach by each other, or the failure of either party to comply with the terms of the collections agreement
9	Termination	a) The Collections Agreement to terminate on the winding up of the museum trust, its becoming insolvent or committing an unrectified material breach of its obligations under the Agreement, or on the termination of the Funding Agreement for whatever reason
10	Assignments and sub-contracting	a) Neither the council nor museum trust to assign or sub-contract any part of the agreement without the other's consent
11	Partnership or Agency	a) Nothing in the Agreement to create a partnership of agency
12	Variations	<p>a) No variation to be valid unless in writing and signed on behalf of both parties</p> <p>b) The Agreement and any Schedules to form the whole Agreement</p>
13	Waiver	a) No failure or delay to exercise or enforce rights, or partial action, to constitute a waiver or preclude later enforcement.
14	Unenforceability	a) Invalidity, illegality or unenforceability of any provision in the Agreement not to affect the remainder of the Agreement
15	Notices	a) All notices under the Agreement to be in writing, and delivered as specified
16	Counterparts	a) All counterparts of the Agreement to constitute a single instrument



Appendix 6

Steps towards trust status

6. Steps towards trust status

6.1. Introduction

These are the steps needed to take Cumberland House from local authority governance to a Charitable Company Limited by Guarantee and based on the author's experience if a similar transfer.

Throughout, it is important that you keep your stakeholders and supporters informed. In the author's case, the key messages to the press and media were managed in conjunction with the Council's press officer; open evenings were held for supporters at key points in the process and the chair of the Shadow Board met with stakeholders and influencers, some regularly.

- Council approval to transfer Cumberland House to Trust
- allocation of resources for the transfer by the Council
- seek a chair for the Shadow Board (often done by personal approach)
- recruit the Shadow Board based on skills needed to transfer and operate Cumberland House. Those skills might include legal, marketing, financial, fundraising, heritage. This can be done by personal approach and/or by advert and open recruitment. I would advise no more than 10 people and the Council can be no more than 20% of the total voting rights
- although a Shadow Board at this stage, it is wise to have some trustee training on the role and responsibilities of being a trustee
- the Shadow Board establishes the vision, mission, aims and objectives for Cumberland House
- the Shadow Board formulates a 3 – 5 year business plan. They may need to employ consultants to do this work and the business plan needs to be approved by the Council
- at this stage the Shadow Board can establish a Company Limited by Guarantee
- set up a bank account
- have the Memorandum and Articles of Association for the charity, drawn up by a lawyer who specialise in charities
- prepare the transfer documentation with the Council
- apply to the Charities Commission to register the Trust
- complete the documentation with the Council (see Appendices 2 – 5) for the transfer
- the Shadow Board becomes a full Trustee Board. At this stage you may wish to review the chair and board members, as people who had the skills to transfer Cumberland House may not be the best people to manage it and you may wish to recruit other skills
- development of a new corporate identity and brand for Cumberland House



- continue trustee training
- continue vision, mission, aims and objectives review
- the new Trust is launched to the public.