

Executive

28 April 2016

Report of the Learning & Culture Policy & Scrutiny Committee

York Museums Trust Scrutiny Review - Cover Report

Introduction

1. This cover report presents the final report from the York Museums Trust (YMT) Scrutiny Review and asks the Executive to approve the recommendations arising from the review.

Review Recommendations

2. In March 2016, the Learning & Culture Policy & Scrutiny Committee considered the Task Group's review findings as presented in the final report at Appendix 1 and endorsed their draft recommendations listed below:
 - In regard to the Council's financial contribution to YMT that:
 - i. A Funding Agreement be developed and maintained consisting of four elements: *Common Partnership Objectives for Museums Provision; Reporting Mechanisms; A Long-Term Financial Plan; A Projected Capital Development Plan*, as set out in paragraph 19 of the final report
 - ii. YMT provide a 5 year rolling financial plan with commentary (at the level of detail given in Annex B of the final report) to support the Council in its consideration of its contribution to maintaining YMT's core business.
 - iii. YMT provide a long-term capital development plan to inform the Council's consideration of its support of YMT's capital development programme.
 - In regard to future custodianship arrangements:
 - iv. A consistent charitable framework to be implemented for all assets and collections, which addresses the objectives set out at

paragraph 23 of the review final report, and which together with the proposed Funding Agreement, replaces the various current legal agreements.

- To ensure YMT can operate as an effective business-like charity:
 - v. The *Common Partnership Objectives for Museums Provision* at paragraph 6 be endorsed as the partnership's long-term shared intentions
 - vi. The reporting arrangements set out in the final report at paragraph 19 ii to be adopted, and the Learning & Culture Policy & Scrutiny Committee to receive bi-annual reports on developments and challenges with respect to the Common Partnership Objectives, the Financial Plan and the Capital Development Plan as the basis for discussion on shared opportunities for the partnership between the Council and YMT.

Reason: To inform the future renewed agreement between YMT and the Council, and to conclude this review in line with scrutiny procedures & protocols

Implications

3. **Legal** – In regard to recommendation (iv) above, in an effort to ensure one coherent approach across all museums and assets, appropriate legal advice will need to be sought to identify the best approach e.g. whether the existing charitable scheme can be extended or whether a new scheme is required, before a report is made to the Executive Member. Discussion will also be required with regard to whether all the assets should be included in the charity or whether there should be any exceptions.
4. **Financial** – The Council's annual grant to YMT is £607k in 2015/16. The scrutiny review demonstrates the outstanding success of YMT in operating with a council grant 74% lower in real terms today than that required back in 2002, such that the Council's funding now represents less than 10% of YMT's income. This compares very favourably with other services across the country.
5. The Executive previously agreed a plan to reduce the funding by a further £100k each year for three years commencing in 2015/16; however, this saving was deferred in the budget process. This was reflected in the 4 year financial strategy, set out in the budget report,

which referred to “a saving through a reduction in the YMT grant contribution as YMT explore alternative funding and income generation options. This includes a £100k saving agreed by Executive in September 2015, which has been deferred to 2017/18 to allow for discussion with YMT”. Keeping the funding at the same level in 2015/16 demonstrates that the Council is not abandoning the highly successful partnership with YMT through which these important Council services are delivered.

6. Legal costs associated with the proposals arising from the review will be shared between the Council and YMT, and contained within the council's existing budgets.

Next Steps

7. If the Executive accept the recommendations the process outlined will be operated whereby YMT will provide the information outlined in the report. This will be used to inform the negotiation of the Council's grant to YMT for 2017/18 and beyond. A context for that negotiation will include the other sources of funding that come into YMT, notably the much more significant funding provided by the Arts Council (£1.2m p.a.), loss of which would be catastrophic to the continued operation of YMT.
8. There are no other known implications associated with the recommendations arising from this review.

Risk Management

9. The public still perceive the museums in York as a council service and therefore any reduction in that provision is likely to reflect negatively on the Council. Without a renewed funding agreement between the Council & YMT it will not be possible to ensure long-term confidence in the Council's commitment to the museums, or secure the commitment of the Arts Council or other funders / investors. Should significant external funding be lost, YMT could become unviable. The ultimate risk in these circumstances would be of the museums and collections being handed back to the Council in which case the Council would immediately become liable for the maintenance, storage and conservation costs of the buildings, gardens and collections currently in YMT's care which represents over £900k of YMT's current expenditure. It should be noted that this is before the cost of operating the museums as visitor venues.
10. Improved custodianship arrangements will mitigate the concerns potential funders and legacy donors have about the long-term security of

their contributions, which has previously prevented YMT from expanding the city's collections.

Council Plan 2015-19

11. The review of this scrutiny topic supports the Council's priority to encourage 'A Prosperous City for All' where everyone who lives in the city and visitors can enjoy its unique heritage and range of activities.

Options

12. Having considered the final report at Appendix 1 and its associated annexes, the Executive may choose to amend and/or approve, or reject the recommendations arising from the review as set out in paragraph 6 above.

Recommendation

13. Having considered the final report and its annexes, the Executive is recommended to approve the recommendations shown in paragraph 2 above.

Reason: To conclude the Scrutiny Review in line with CYC Scrutiny procedures and protocols.

Contact Details

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Wards Affected:

All

For further information please contact the author of the report

Background Papers: None

Annexes:

Appendix 1 – York Museums Trust Scrutiny Review Final Report