

Research to understand the resilience, and challenges to this, of Local Authority museums

For Arts Council England





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Glossary

ACE	Arts Council England
BC	Borough Council
CIC	Community Interest Company
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance & Accountancy
CLOA	Chief Cultural & Leisure Officers Association
DC	District Council
DCLG	Department for Communities and Local Government
LB	London Borough
LEP	Local Enterprise Partnership
LGA	Local Government Association
MDC	Metropolitan District Council
NDR	Non-domestic Rates
SOLACE	Society of Local Authority Chief Executives

Executive summary

Introduction

Since 2010, museums across England have experienced an unprecedented level of cuts. Local authority museums have been particularly affected, with some museums in the sector feeling that they have already reached a 'tipping point' in their ability to provide a satisfactory service. ACE commissioned this research to explore the key challenges facing local authority museums¹ and form an understanding of how resilient they are likely to be in the face of continued cuts to public funding.

The study has included:

- A literature review to take stock of current knowledge available through existing reports, evidence and information pertinent to the project.
- Data gathering and analysis to draw together a quantitative story about the local authority museum sector.
- In-depth consultations with a cross section of local authority museums, local authorities and stakeholders.
- Discussions with Arts Council staff to review the evidence collated and consider conclusions, recommendations and potential interventions.

Key findings

Research context

ACE has been pursuing the question of resilience for some time. Over the past 15 years a number of programmes intended to encourage sustainable museums have been delivered. These have tended to embrace a wide range of thinking about resilience, but specifically that it should be regarded as an ongoing process, not an outcome.

*"Resilience is the vision and capacity of organisations to anticipate and adapt to economic, environmental and social change by seizing opportunities, identifying and mitigating risks, and deploying resources effectively in order to continue delivering quality work in line with their mission."*²

Financial resilience is naturally a key component of this but, as building-based organisations with fixed costs, museums are particularly vulnerable to cuts in funding. Much of the literature on how local authorities respond to funding challenges is dominated by transferring museum services to trust status; the effect of this is to mask other availability of alternative approaches, which may include the museum remaining 'in-house'. A focus in the literature on structure also obscures the need for a clear business purpose and recognition of the challenges involved in establishing a successful business.

The literature suggests that, going forward, non-statutory services will come under increased pressure as local authorities make further budget reductions that cannot be balanced with efficiency savings. This is borne out in the data analysis undertaken in this study which shows that expenditure by local authorities on museum services has neither declined to the same degree as spending on broader culture and related services (a reduction of -7% on museums and galleries between 2003/04 - 2013/14 compared to -10%), nor have reductions been proportionately as steep year on year. This may suggest that, to date, museums have to some extent been protected from reductions in expenditure. However, the narrowing gap in the rate of reductions in expenditure between museums and galleries and cultural services in 2013/14 (and ongoing austerity measures) would suggest that this is unlikely to continue in the future.

¹ Local authority museums are those owned and run by town, parish, borough, city, or county councils and other local authority bodies. They generally house collections that reflect local history and heritage. Where possible the project focussed explicitly on accredited museums. In some cases data sources covered all museums, where this is the case it is noted in the report.

² Arts Council England (2013) Great art and culture for everyone 2010 – 2020, Available at: http://www.artscouncil.org.uk/media/uploads/Great_art_and_culture_for_everyone.pdf

Responses to the altered funding environment and influencing factors

The research has highlighted the variety of different operating contexts and institutional forms in the sector along with the many permutations of governance and management arrangements, organisational strategies, partnership arrangements and business models. A number of consultees noted that, in many cases, not enough time had elapsed for judgements to be made on the success or failure of changes implemented to date. Thus, reflections and perspective on effective practice should be viewed as provisional as the environment continues to evolve.

The consultation did not suggest that any particular legal identity and/or business model was likely to be more or less financially resilient, but that it was crucially important for responses to cuts in funding for museum services to be tailored to fit local circumstances, the scale of museum service, its capacities and requirements. The context of the museum is particularly important. For example, a large museum service located in a big city that receives a significant number of tourists has different options to a small service serving a relatively small community visited by few tourists.

Museum services must be able to demonstrate their relevance to their local authority, local public services and local communities, and build constituencies of supporters who will act as their advocates. For those working as part of the local authority aligning the museum service priorities and activities with the local authority's overarching priorities is crucial, as is effective cross-departmental working. Important here is maintaining visibility, both with council colleagues and with the broader community.

Highlighting the importance of taking steps to increase the income of the museum service may be perceived as stating the obvious. However, this is essential and not always straightforward. Consultations did not indicate that legal status, e.g. Trust or Local Authority, was a determining factor in whether or not museum services could or did carry out any income generating activities. However, they did indicate that context, scale/size of service, capacity and capability affected which income generating activities museum services undertook.

The organisational culture of the local authority is a critical influencing factor on the forward development of the museum. A thriving service is likely to be operating in an authority that has an entrepreneurial culture which enables innovation and income generation and, in particular, has the active support of legal and financial services. In a Trust environment, relations between the Trust and the local authority (at elected member and senior officer level) are of paramount importance. If the Trust is to realise the operational benefits which Trust status offers, the relationship needs to be soundly based both in contractual terms and with regard to personal relationships.

Key risks and critical success factors

Whilst a range of factors were identified, the key risks for the local authority museum sector moving forward were noted as: further cuts in public funding, particularly the timescales within which to implement service change or short notice of funding reductions; changing local authority structures and local authority attitude and behaviours; and funders' expectations of the role and focus of the museum(s) relative to the scale, context and capacity of the respective museum service.

The top success factor is effective leadership from both the local authority's elected members and senior management and the museum's executive and governing bodies. In all cases museum leadership is vital. Museum services need to have a clear business purpose, an outward looking view and 'political acumen', bolstered by staff's ability and capacity to share and develop the business purpose and respond to change.

Conclusions

It is suggested that austerity will last longer than originally anticipated. Whilst 2015 will see a detailed comprehensive spending review, the Department for Culture, Media and Sport has already indicated that the changes in funding prompted by the recession represent “a long term shift” and should not be thought of as temporary³. Consultees confirmed that local authorities are facing continued and substantial funding reductions. The literature review found that it remains unclear how well prepared museums are to face the reality of this kind of future. Taking into account the range of contexts within which local authority museum services are delivered and the range of influences that inform their success, this research suggests that there is likely to be an extremely mixed picture in terms of preparedness across England. With this in mind, the following key points should underpin any future action:

- **There is no one-size-fits-all response to the changing funding environment.** It is impossible to determine a recommended approach to how a local authority and the museum service should respond; the response must be driven by the specific local context (which will continue to change) and be guided by strong leadership.
- **Developing an entrepreneurial culture will be vital to future resilience.** To some extent the level of reductions is immaterial, what is important is that they will happen and local authority museums must be prepared to move to models of funding that incorporate a mixture of funding and revenue streams. An entrepreneurial culture and appetite for risk and change will be crucial.
- **It is important to focus on selecting the right business model and strategy.** Extensive consideration of legal status can be seen as something of a red-herring. Far more important is strategy and the business model in place that will support the museum’s development, regardless of technical legal status.
- **Effective, pro-active leadership is vital.** Museums that thrive within a local authority setting tend to align their activities with the council’s priorities. The museum service must be on the front foot and take responsibility for seeking to link the museum to the broader council agenda. However, effective leadership of the museum must go hand in hand with effective leadership and support from the local authority at elected member and senior management levels.
- **Advocacy must be effective from national to local level.** Museum services need to be able to draw on advocacy from partners and sector leaders at a national, regional, sub-regional and local level to support them in case making.
- **Skills remain a barrier to change.** People and skills are crucial to achieving change. ‘Traditional’ approaches to working are noted as incompatible with changes to governance and management structures and, more fundamentally, the business model of the organisation. Active workforce planning is essential if museum services are to build resilience.

³ Henry Hall blog 27.5.14 The Future of Cultural Services SOLACE masterclass <http://www.solace.org.uk/knowledge/articles/2014-05-27-making-the-case-is-relentless/>

1. Introduction

Since 2010, museums across England have experienced an unprecedented level of cuts. Local authority museums have been particularly affected, with some museums in the sector feeling that they have already reached a 'tipping point' in their ability to provide a satisfactory service. With further cuts in public funding predicted to take place over the next few years, particularly from local authorities, it is critical that Arts Council England (ACE) consolidates available evidence on the current state of this element of the museums sector in order to inform thinking about where and how it might target support.

The Society of Local Authority Chief Executives (SOLACE) survey of local authorities suggested that local authorities perceived their cultural services as amongst those least in need of improving, but that they also doubted if culture, arts and libraries would be provided in ten years' time (McDonald & Cikáková, 2015: 21 & 32). In this context, ACE commissioned this research to explore the key challenges facing local authority museum services and form an understanding of how resilient they are likely to be in the face of continued cuts to public funding. The intention is that this intelligence will help ACE understand how to prioritise funding (to help make sure museums are more resilient).

1.1 Aims and objectives

In this context, TBR, working in partnership with Pomegranate and Scott Dickinson, was commissioned to undertake research considering resilience in the local authority museum sector. The aims of the project were to:

- Deliver an understanding of the challenges and risks faced by local authority museums in the current economic climate, and how some of those museums are able to withstand those challenges and be resilient.
- Explore what local authorities value about museums and the criteria and expectations that they are likely to apply in relation to future local authority funding or significant support such as use of buildings.
- Collate this and other information that ACE needs to effectively support local authority museums over the next three years and beyond.
 - This should include information that will help ACE to better target its resources, support joint working with other museum development agencies and funders, and inform its conversations with local authorities about their support for museums.

In order to deliver this, the project objectives were:

- A snapshot of the local authority museums within the context of the sector as a whole, considering trends in funding and identifying key risks and challenges.
- Examples of good practice and ways of working which are contributing to sustainable business models and resilience within the sector, plus lessons learned where the outcome for the museum is not leading to resilience.
- Examples of interventions that could be made by museums themselves, or those who support them, to improve resilience within the sector.
- A presentation of the different types of interventions that might best support the sector over the next three years, based on an analysis of the data and feedback from consultations.

1.2 Methodology

The project has included:

- A literature review to take stock of current knowledge available through existing reports, evidence and information pertinent to the project. Information has been gathered from formal research sources; 'grey' literature (such as blogs and press articles as appropriate/relevant); and, where available, unpublished material. The outcomes from this are summarised in this report and the full literature review is available as an annex.

- Data gathering and analysis to draw together the best set of data possible to articulate a quantitative story about the local authority museum sector and, where possible, to contextualise this in relation to the museums sector overall. The outcomes from this are summarised in this report and a more detailed data report is available as an annex.
- In-depth consultations with a cross section of 20 local authority museums, museums recently converted to trust status, local authorities and stakeholders. The interviews covered a geographic spread across England (at least one in each region) and a mix of different types of governance, business models, and timescales in which new arrangements have been in operation or in which alternative options have been considered.
- A roundtable session with ACE staff to review the evidence collated and consider conclusions, recommendations and potential interventions.

1.3 Definitions

The following definitions applied to the project:

- Local authority museums are those owned and run by town, parish, borough, city, or county councils and other local authority bodies. They generally house collections that reflect local history and heritage.
 - The consultation for the study also included museums that have recently converted to trust status, having previously been owned or run by a local authority.
- Where possible the project focussed explicitly on accredited museums. In some cases data sources covered all museums, where this is the case it is noted in the report.
 - Each accredited museum that is run by the local authority is included. For example, the latest data from the Arts Council Accreditation team shows that Lancashire County Council museum service operates 15 different museums.
- The geographical scope for the project was England.
- Arts Council England's definition of resilience:

*"Resilience is the vision and capacity of organisations to anticipate and adapt to economic, environmental and social change by seizing opportunities, identifying and mitigating risks, and deploying resources effectively in order to continue delivering quality work in line with their mission."*⁴

Whilst recognising that this definition encapsulates different aspects that contribute to resilience, the main focus on this study is financial resilience.

1.4 Structure of this document

The remaining sections of this document present the following content:

- **Section 2: Research context** presents an overview of important contextual points drawn from the literature review undertaken at the outset of the study, specifically: what is understood by the term 'resilience' in the museums sector, key points about local authority structures and the influence on museum services, and the responses (both in practice and attitudinal) to changing public funding already observed amongst local authority museums.

⁴ Arts Council England (2013) Great art and culture for everyone 2010 – 2020, Available at: http://www.artscouncil.org.uk/media/uploads/Great_art_and_culture_for_everyone.pdf

- **Section 3: Profile of local authority museums and funding** provides an overview of the key messages from the data analysis which profiled accredited local authority museums in comparison to the broader (accredited) sector and considered changing expenditure on museums services across England over the period 2003/04 to 2013/14 in the context of spending on culture services and all LA services.
- **Section 4: Responses to the altered funding environment** presents information from the consultation considering how local authority museum services have sought to make themselves more financially resilient in the face of cuts in the level of public funding that they receive. It also looks at factors that consultees suggested might influence the development of, and the success or failure of, those responses.
- **Section 5: Key risks, challenges and critical success factors** looks at some of the wider risks and challenges facing the sector that were highlighted during the consultation. It also considers factors which stakeholders thought underpinned successful responses to those risks and challenges.
- **Section 6: Conclusions and recommendations** reviews the main findings of the study and makes observations and recommendations regarding actions and interventions that may support resilience in the local authority museums sector going forward.

2. Research context

As an introduction to the research, this section presents an overview of important contextual points drawn from the literature review undertaken at the outset of the study. The section considers what is understood by the term 'resilience' in the museums sector, local authority structures and the influence of these on museum services and the responses (both in practice and attitudinal) to changing public funding already observed amongst local authority museums. The full literature review is available as separate annex to this report.

2.1 Resilience in the museums sector

As building-based organisations with fixed costs, local authority museums are particularly vulnerable to cuts in funding⁵. Their attempts to address this are all the more difficult because their business and operational structures are likely to depend on core costs being covered by public subvention; the public may expect free admission; historically, institutions outside London have found it hard to attract sponsorship, and cultural provision is often still regarded as a local authority function (Pratley, 2015). However, the requirement for cultural facilities to become more resilient was not solely prompted by the recession and current funding climate. ACE (and previously the Museums, Libraries and Archives Council (MLA)) has been pursuing the question of resilience for some time. Over the past 15 years, considerable sums have been invested in the development of long-term programmes intended to encourage sustainable museums (Renaissance Review Advisory Report, 2009: 6). Those include ACE and Heritage Lottery Fund (HLF) programmes, including their joint £100m Catalyst Programme⁶ and the latter's Transition Funding⁷.

In terms of defining resilience, much of the literature addresses museums' resilience in terms of their contributing to (if not creating) resilient communities. Whilst providing a working definition (see section 1.3, page 5), ACE has embraced a wide range of thinking about resilience. One report, for example, refers to resilience as a "fashionable" concept (Royce, 2011), another suggests that ACE expects to see resilience as a "return on cultural investment" (Barnett & Fujiwara, 2013). Elsewhere, ACE investments are strategically described as "holistic", intended to emphasise "social, cultural and economic impacts that support and reinforce each other" (Knell, 2013: 7). That expectation is echoed by the LGA's cultural advocacy work (LGA 2013) and by London Councils (2014). Robinson's (2010) work on adaptive resilience, also commissioned by ACE, is more theoretical and draws on evolutionary and ecology-based "resilience thinking" used in the third sector.

ACE tends not to differentiate between resilience and sustainability. Indeed, Smithies' (2011) *Review of research and literature on museums and libraries* compounds them. Museums' sustainability is often described in terms of a "triple bottom line" which brings together social, environmental and economic factors (Martin, 2009). Alternatively, Nesta (2014) refers to resilience in the context of new business ventures moving from start up to longer-term sustainability.

In considering museums within the wider heritage context, BOP (2012b) notes that change should be seen as normal and necessary, and that resilience should be regarded as an ongoing process, not an outcome. BOP regarded organisational "rigidities", such as "resources" and "routines", as constraints on attitudes and approaches to change and innovation as a particular issue for heritage organisations (2012b: 5).

2.2 Local government structures and funding and what this means for museums

There is a clear message in the literature that to 2018/19, at least, a combination of further reductions in central government funding and increasing pressures on social care, welfare, transport and housing will lead to substantial funding gaps in local authority budgets - especially in relation to non-statutory spend.

⁵ As is any museum whose business model is underpinned by public funding.

⁶ <http://www.artscouncil.org.uk/funding/apply-funding/funding-programmes/catalyst-arts/>

⁷ <http://www.hlf.org.uk/looking-funding/our-grant-programmes/transition-funding>

There is a view that efficiency savings have, by and large, been made by now and that there is a need for fundamental changes in how, and for whom, local government facilitates the provision of services. How these changes play out over the next five years is perhaps more significant in the long-term for museums than the current and immediate future significant financial challenges might suggest.

The most pressing issue facing local authorities is the predicted increase in the local government-funding gap, which is calculated to increase by £2.1 billion per year until 2019/20 (LGA, 2014: 4). Local authorities' relative inability to continue to make savings through efficiencies highlights their need to cut services, particularly those that are non-statutory, to set a balanced budget. As a consequence the future of service delivery is much discussed (LGA 2014 and 2015; McDonald & Cikáková, 2015; The Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England 2014 and 2015). Key challenges facing English councils⁸ are identified as including complex and overlapping governance, social and economic challenges, and the cost of service delivery over dispersed geographies. The outcome being the view that:

"Local authorities will need to transform themselves from organisations that spend central money and provide services directly, to ones that manage and grow their budgets through new revenue streams as well as delivering services in the most cost effective way whether through private, not for profit, or public sector." (The Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England 2015: 5)

The precedent for building new/alternative revenue streams is well established in the museums sector, as highlighted in ACE's recent research considering the economic impact of museums (TBR et al 2015). This demonstrated a range of different trading activity already undertaken by museums.

The current (and potential further future) creation of combined authorities constitutes a large-scale approach to delivering key services, increasing local prosperity and managing substantially reduced resources. The LGA (2015: 16) notes that this model may not be appropriate to all areas and that there should be a range of options that build on existing partnerships and functions to be devolved alongside fundamental reform of local government finance. Discussions about devolution highlight the tendency for the debate to focus on structures and models rather than the benefits to residents (2015: 14). This is relevant to museums as benefits to residents are a core argument for local authority museum funding.

A recent ACE funded survey found that nearly 90% of local authorities claim to value the arts and culture (Mansfield, 2014). However, valuing per se may not be enough. Spending on culture is not a priority in the general local authority literature: the Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England (2015: 6), for example, makes no reference to it. Changes in local authority management structures also impact on the place of culture in local authorities

"The role of senior strategic leaders in Culture and Leisure is likely to be further diluted as management restructures lead to further generic general management." (Mansfield 2014: 35)

It is clear that strong political and managerial leadership contribute to local authorities being committed to culture. However, such support is vulnerable to political and staff change. ACE's latest stakeholder research indicates that participating in arts and cultural events does not translate into local councillors politically advocating for arts and culture. The majority of those surveyed (65%) anticipated decreases in arts and culture funding, with cultural provision earmarked for children and young people thought to be the most likely to be preserved (ComRes, 2015: 3).

⁸ These apply to non-metropolitan and metropolitan local authorities.

2.3 Main responses to reduced funding observed to date

Although much has been written about the need to adopt new business models to cope with, if not go beyond, funding reductions, it should be remembered that the museums sector was encouraging organisations to consider alternative business models and financial instruments before the recession (Bolton & Carrington, 2007; MLA, 2008). Indeed, in 2008, the Museums Association (MA) reflected on how few museums thought explicitly about sustainability and how much of the sector was somewhat reluctant to explore new ways of exploiting their assets. However, museums are said to be surviving the recession well; attendances have been holding steady since 2012/13 (DCMS, 2015: 22) and many have increased their self-generated income (MA, 2014). It is important though to consider the context of this survival, in many cases museums are remaining open, but are subject to a 'hollowing out' of services, staff and operating on reduced opening hours.

To date, recommended approaches to managing museum service cuts include partnership working, income generation and radical service design. However, there is said to be little evidence of museums taking on new mixed-economy models (Babbidge, 2015). The literature appears to be dominated by discussion and examples of local authorities transferring their museum services to trust status, as several reports suggest (Babbidge, 1998; Babbidge et al. 2006; Bussell et al, 2010; Kelly & Bond, 2010) and is extensively covered in the *Museums Journal*. However, there is a notable absence of research into other legal entities such as CIC's (Doherty, 2010; Rex 2015).

Doherty (2010: 12) identifies Babbidge et al (2006) as the key text for the museums sector. In 1998, he considered museums that had been 'devolved' to trusts and defined these as:

"...charitable bodies created with a long-term relationship between the council and the museum trust in mind, all the council's museum responsibilities are transferred and there is a sharing of risk between the council and the museum trust" (1998: 1).

He distinguished these from museums that had been:

"outsourced to an independent museum... arrangements [that] are usually defined by a management arrangement between the council and the trust" (Babbidge et al, 2006: 35).

However, the definition of what constitutes Independent museums is open to question⁹. Rex (2015), for example, doubts that the distinction between devolved museums and those outsourced to an independent museum is useful:

"... the newly formed groups [responsible for managing the museum] do not necessarily have ownership over the museum building or the collection and may continue to receive funding from the local authority for the sole purpose of funding operational costs".

Many sources discuss governance, structure, and success factors. However, these tend to obscure how poor local authority museums can be at embracing change and the need for a clear business purpose (and recognition of the challenges involved in establishing a successful business). BOP (2012b) noted these as including: local authorities' failure to see commercial purposes to be as important as social purposes; the fact that heritage leaders may be inward looking; heritage leaders' tolerance of risk and change, and the lack of resources or funding for change. One case study called for new mind sets in the local authority and alerted readers of the "mistake not to bite the bullet on some difficult staff decisions" (BOP 2012a: 24).

⁹ The MA defines these as 'owned by registered charities and other independent bodies or trusts. They are not usually funded directly by the state but may receive support through government programmes. Some may have funding agreements with local authorities' (<http://www.museumsassociation.org/about/frequently-asked-questions>). The Association of Independent Museum's own definition even wider: "Independent museums range from small local organisations, mainly operated by volunteers, to large institutions, many operating as charitable trusts, and represent over half the museum provision in the UK."

2.4 Organisational attitudes

Before the recession, Harris argued that museum professionals' notions of 'professionalism' hampered the creation of more resilient museums. Many of those whom he surveyed, felt that their experience and commitment to professional standards was incompatible with changes to the governance structure of their organizations (Harris, 2007: 18 cited by Rex). This concurs with other findings. For example, well into the recession, the MA noted that a number of museum professionals regarded resisting change as a positive virtue. Museums' partners characterised the sector as "risk averse, protective and resistant to meeting people's needs" (Davies, 2013). Many museums have found it impossible to shift their staffs' skill sets (TBR et al., 2013) despite a burgeoning number of offers of training and development around sustainability and resilience, many of which are sector-specific, including those provided by the AIM¹⁰, the MA (including its Transformers programme)¹¹ and South West Museums Development¹². In this context it is significant that attitude and behaviours are the explicit focus of AIM's Hallmarks of a Prospering Museum (2015) foregrounding purpose, leadership, culture and visitor focus.

The consequence of this is that, despite all the arguments about the arts and cultural sector being vital to the country's economic growth, many individual organisations remain resistant to becoming more enterprising. Robinson (2010) blamed funders' lack of critical engagement. There were, he thought:

"... still not enough fit-for-purpose mechanisms to invest in the future of organisations we believe in passionately. At the same time, we are also seemingly unable to walk away from those we know in our guts and our analysis are neither vital nor productive enough – or at least not without investing significant scarce resources" (2010: 4).

For others (Smith, 2013:32) it was a question of needing to change mind-sets:

"the business challenges faced by commercial and not-for profit organisations are often remarkably similar. Whether we call it 'capacity-building', 'resilience', or 'sustainability' the consequences of failure will likely be much the same – inadequate business capacity, diminished competitiveness and an exodus of talent...".

2.5 Conclusion

Much of the literature on how local authorities respond to funding challenges is dominated by transferring museum services to trust status, this masks other approaches and the length of time needed to change museums' business models. A focus on structure also obscures the need for a clear business purpose and recognition of the challenges involved in establishing a successful business. Leadership and understanding how the organisation functions as a business is important. The mind-sets of the museum, local authority and funders are significant here. Change should be seen as normal and necessary, and resilience as an ongoing process, not an outcome.

The literature suggests that, going forward, non-statutory services will come under increased pressure as local authorities make further budget reductions that cannot be balanced with efficiency savings. In order to understand the relative funding position of museum services, section 3 considers the profile of local authority expenditure on museum services between 2003/04 and 2013/14 in the context of culture and related services and overall service provision.

¹⁰ http://www.aim-museums.co.uk/content/regional_workshops/

¹¹ <http://www.museumsassociation.org/topic/resilience>

¹² <http://www.southwestmuseums.org.uk/projects-grants/sustainability/> 2015

3. Profile of local authority museums and funding

This section of the report provides an overview of the characteristics of local authority museums in comparison to the rest of the museum sector and key features of the local authority funding environment over the last decade. The information in this section is summarised from a more detailed data report, which is provided as an annex to this document.

3.1 The profile of local authority museums

In 2014 there were 1,316 accredited museums in England, of which 397 were local authority museums (30% of all accredited museums). These museums were distributed across 123 authorities, which averages at 3 museums per authority. There are 353 local authorities in England, of which 251 recorded a cost associated with a museum or gallery service in 2013/14. Whilst on one hand this might suggest that there are 128 unaccredited local authority museum services, it is difficult to un-pick whether this is the case. It may be that in those authorities showing expenditure on museums, but without an accredited museum managed/governed by the local authority, the expenditure is supporting accredited museums of alternative types (e.g. Independent, MOD, University) through funding arrangements. As expenditure on museum services is reported at aggregate level (i.e. there is no detail on whom the money has gone to, just that it has been spent) it would be impossible to explore this without gathering detailed information from each local authority, which was not within scope for this study. It is possible to see from the data that expenditure on museum services is lower in the authorities that are not home to an accredited local authority museum. Expenditure has also reduced to a greater extent in these local authorities between 2008/9 and 2013/14 (percentage change of -33% compared to -25% in those with one or more accredited local authority museum).

Capacity within local authority museums is restricted compared to the rest of the sector. The information provided by accredited museums to ACE between 2012-2014 showed that local authority museums employ an average of 26.7 full time equivalent (FTE) staff, lower than the average of 29.1 in all accredited museums. Additional input by volunteers is strikingly different: local authority museums used an average of 143.4 volunteer hours per FTE, compared to an average of 284.7 across all accredited museums. Further, Case study 1 (below) shows that those museums who we can observe making a switch from local authority ownership to independence have even fewer employees and use fewer volunteer hours. Specifically these museums have a much lower capacity than other independent museums in terms of volunteers. This echoes feedback from the sector that staff cuts and service reductions are one of the first actions to take in terms of reducing expenditure.

In terms of the use of property, data showed that local authority museums were more likely to own buildings and less likely to lease them than the average; 81% of local authority museums occupied premises for which they had the freehold compared to 62% for all museums, 21% had leasehold compared to 33% for all museums. Whilst not larger than average, local authority museums do tend to have larger collections than independent museums and own a larger proportion of the items within these collections. Collection care and maintenance as ownership is switched is therefore a key consideration, particularly in the context of reduced capacity.

Case study 1: Profile comparison, museums that switch ownership status

Using the Accreditation Returns dataset it is possible to identify a small number of museums (28) that have switched ownership status from LA to Independent. Key points:

- The number of FTE employees in switched museums is closer to Independents than LA museums. This is perhaps unsurprising given that a key motivation for switching the service is to reduce cost and wages.
- The switched museums in the sample have fewer volunteer hours per FTE than LA museums and less than half that of other independent museums.
- Those who have switched status take on a different profile of collection ownership, tending to move from a position of owning the majority of the items in the collection to the majority being on loan. Again, this is perhaps unsurprising as in most cases the local authority retains ownership of the collection.

Table 1: Profile of switcher museums

Type	Switched to Independent	Local Authority	Independent	Average for all museums*
Building premises containing collections per museum	1.8	1.8	2.6	2.3
FTE employees per museum	22.6	26.7	21.1	29.1
Volunteer hours per FTE	120.0	143.4	353.0	287.0
Loan items per museum	214,502	2,634	16,404	9,505
Owned items per museum	22,278	165,769	63,811	292,524
Collection items per museum	238,254	168,656	80,351	303,933

Source: ACE Accreditation Return 2012 – 2014 (TBR Ref: W1.3/S1) * Averages calculated across all museum types, including data not shown in this table.

3.2 Local authority expenditure on museum services

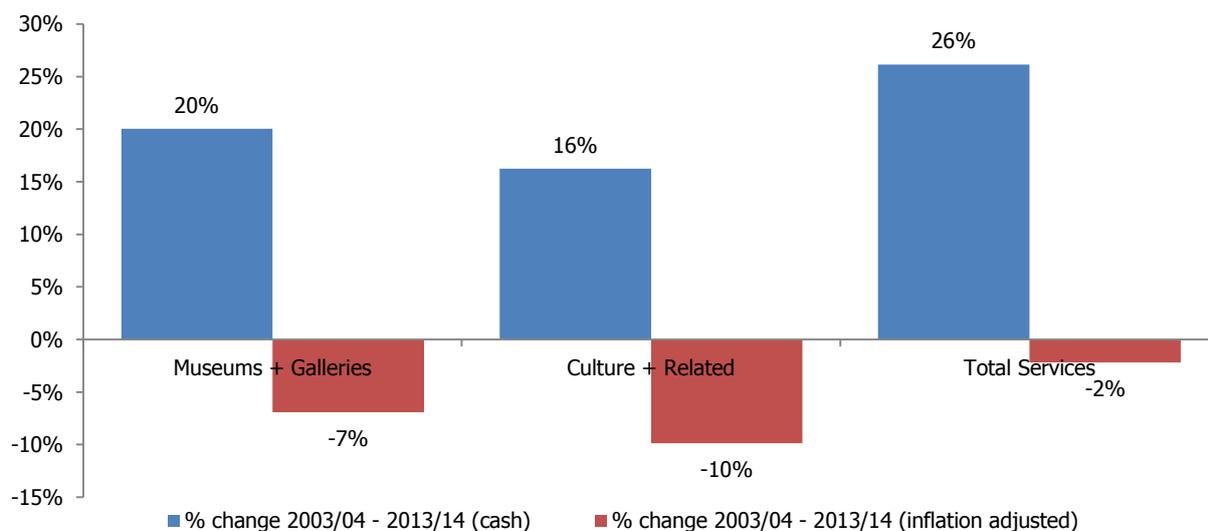
The following figures are drawn from the DCLG’s Revenue Outturn (RO) budget returns. These returns are submitted by all local authorities in England after the end of the financial year and cover expenditure across all services delivered by the local authority. Any expenditure on museums and galleries is recorded as a separate part of each local authority’s expenditure on culture and related services¹³.

It is important to note that this data covers expenditure by local authorities on *all* museum and gallery services, rather than only accredited museums services. This may also include funding granted to other (non-local authority) museums as part of the museum and gallery service budget; it is impossible to distinguish this from the data.

Figure 1 below presents the overall percentage change in funding for museum and gallery services, culture and related services, and all local authority services between 2003/04 and 2013/14. The chart considers the data in cash terms, but also takes account of inflation.

If considered purely in cash terms, the picture of spending on services across the board looks healthy with rises in all, but with culture and museums and galleries lagging being all services. However, when taking inflation into account the picture changes: total services expenditure has reduced by an average of 2%, with spending on culture and related services reducing by 10% over the period and museums and galleries by -7%.

Figure 1: Percentage change in net total expenditure across England in museums and gallery services, cultural services, and total services 2003/04 – 2013/14



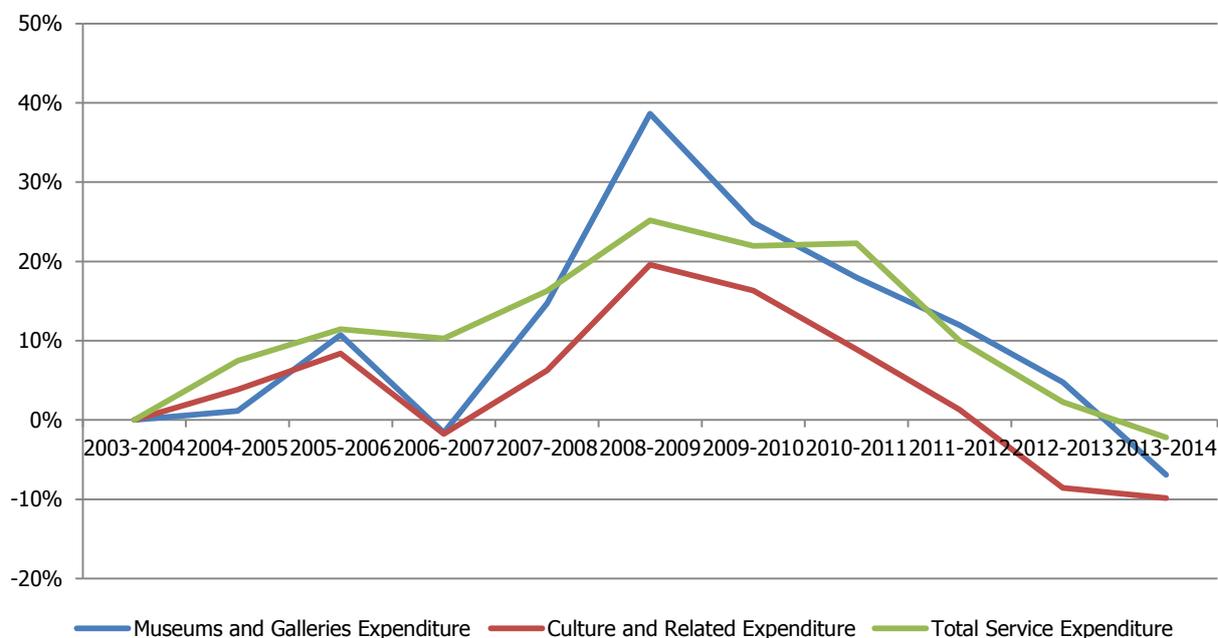
Source: DCLG Outturn Data 2003/04 – 2013/14 (TBR Ref: W1.3/C5)

Considering changes year by year, Figure 2 (over) presents change indexed from 2003/04. This shows increases in funding between 2006/07 and 2008/09, which are steeper in cultural services compared to total services, and particularly steep in museums and galleries, before declining year on year from 2009/10 onwards. As might be anticipated, falling expenditure on museums and galleries has tended to mirror changes in the culture and related services budget. The nature of the dataset means that it is difficult to unpick drivers behind the spike in museum expenditure. Data from the Heritage Lottery Fund

¹³ Culture and related services covers: Culture and heritage (including: archives, Arts development and support, Heritage, Museums and galleries, Theatres and public entertainment), Recreation and sport (including: Community centres and public halls, Foreshore, Sports development and community recreation, Sports and recreation facilities, including golf courses), Open spaces, Tourism, Library service

(HLF) demonstrates increases in grants to local authority applicants in previous years, as such the chart may show the lag between the initial award and subsequent spending of such funding. However, this is only one factor. More simply, the chart demonstrates patterns of spending pre-recession.

Figure 2: Indexed change in net total expenditure across England in museums and gallery services, cultural services, and total services between 2003/04 and 2013/14



Source: DCLG Outturn Data 2003/04 – 2013/14, adjusted for inflation (TBR Ref: W1.3/S2)

Expenditure on museums and galleries has not fallen as sharply as all culture and related services since 2008/09, and indeed in 2011/12 and 2012/13 appears to have reduced at a lower rate than total service expenditure. This may suggest that, to date, museums have to some extent been protected from reductions in expenditure. However, the narrowing of the lines for museums and galleries and cultural services in 2013/14 (and ongoing austerity measures) would suggest that this is unlikely to continue in the future.

3.3 Conclusion

To date local authority expenditure on museum services has not reduced at the same speed or at the same level as expenditure on the broader category of culture and related services. However, the latest figures show that this gap appears to be narrowing. This bears out the conclusion from the previous section that, going forward, museum services are likely to come under increased pressure to make further budget reductions. The case study data on the comparative profiles of local authority, independent and switched museums appear to align with feedback from the sector that reducing staffing is a key route to cost reduction. Given the already below average workforce size and volunteer use in the local authority museum sector, further reductions in both of these is a concern for capacity.

Taking into account this funding situation, the next sections of the report present the findings of our consultation further exploring responses to the altered funding environment, how local authority museum services have sought to become more resilient (section 4) and the key risks, challenges and critical success factors in developing and implementing these responses (section 5).

4. Responses to the altered funding environment

As noted above, local authorities have had to reduce their spending in recent years. This section looks at how local authority museum services have sought to make themselves more financially resilient in the face of reductions in the level of public funding that they receive. It also looks at factors that consultees suggested might influence the development of, and the success or failure of, those responses. A number of consultees argued that, in many cases, not enough time had elapsed for judgements to be made on the success or failure of particular changes; thus, judgements reported here should be viewed as provisional rather than final.

Local authorities were reported to have used a number of different approaches when implementing budget cuts and may have used different, if not combined, approaches over successive years including:

- Equal cuts or 'salami-slicing' across local services, although this approach appears to have waned as time has passed.
- Protection of budgets for statutory services and for services that contribute significantly to council priorities, i.e. protection of a larger number of services than just statutory services.
- Cuts focused on 'discretionary' services.
- Efficiency savings by centralising functions such as marketing and introducing new HR and IT systems.
- Cost reductions based on service performances relative to benchmarks, i.e. budgets based on average spend per head in the relevant LGA/CIPFA 'family group'¹⁴.
- Public consultation on how to make, and how to respond to, cuts across local authority services.

In reviewing local authority museum services' efforts to increase their financial resilience, it is important to remember the services may take a number of different forms which in turn affect the options available to them. For example:

- A council-owned collection managed by an in-house local authority museum service, e.g. Kirklees, Leeds, Waltham Forest, Bath and North East Somerset.
- Multiple collections and buildings owned by a number of local authorities managed by a single in-house local authority service, e.g. Norfolk Museums Service.
- A collection owned by a trust with museum services provided by a local authority, e.g. Cowle Museum, Stroud.
- A council-owned collection and buildings managed by an independent trust, e.g. Whitaker Museum, Rossendale, Birmingham Museums Trust and Bexley Heritage Trust.

This report is based on consultations with local authority and museum staff in at least one of each of these arrangements.

¹⁴ For more information on the family groups see the CIPFA Nearest Neighbours model: <http://www.cipfastats.net/resources/nearestneighbours/>

4.1 Responding to the challenge of reduced funding

Headlines:

- The consultation did not suggest that any particular legal identity and/or business model was likely to be more or less financially resilient.
- Responses to cuts in public funding for museum services need to be tailored to fit local circumstances, scale of museum service, capacities and requirements.
- Museum services need to:
 - (a) Demonstrate their relevance to their local authority, local public services and local communities.
 - (b) Build constituencies of supporters who will act as their advocates.
- Behaviours seen by consultees to lead to success in working as part of, or with, the local authority included:
 - (a) Aligning museum service priorities and activities with the local authority's overarching priorities.
 - (b) Working with council departments in order to help them to deliver their departmental priorities.
 - (c) Working with council services in order to improve service users' experiences via integrated services.
 - (d) Working with other local public services, e.g. health, to add value to their 'offers' to service users/patients.
 - (e) Maintaining visibility and engaging with council colleagues, in particular with decision-makers.
 - (f) Building and maintaining links with the community, both to inform service development and to meet community needs.
 - (g) Taking steps to increase income to the museum/museum service.

Consultations indicated that there was no consensus among consultees as to whether a particular legal form, such as a Trust, Charity, Community Interest Company or Local Authority, was more suited to responding to the challenges of austerity than any other. Consultees reported on a number of reviews of museum services and suggested options for future arrangements; but, there was no clear pattern in the options that local authorities selected once the reviews that they had commissioned were completed. In some cases, elected members wished to keep the museum/collection/service in-house as part of a principled commitment to public ownership and management of public services. In other cases a pragmatic approach had led to a change in the museum service's legal status, e.g. from a Local Authority to a Trust, as a cost-saving measure because charitable status triggered a reduction in the Non-domestic Rates (NDR, also known as Business Rates) payable on the buildings used by the service. In some cases it appeared that choices were affected by the capacities and risk appetites of different local authorities' legal and finance departments. Some museum consultees felt that they had little choice in accepting the perceived positives of moving to trust status: "We have to take the risks - it will certainly not be sustainable otherwise". Others could already see the benefits as their income generation potential had

started looking “... much better now than under previous arrangements”. Part of their strategy was about being prepared to respond to potential changes.

As noted in section 3, while museum services overall have not faced the deepest cuts in public funding for arts and culture, they have had to deal with significant cuts. Consultations revealed a number of different strategies that museum services had adopted in response to the challenges posed by funding reductions. In addition to trying to deliver economic, efficient and effective management of their collections, these strategies included:

- **Showing their relevance**, and the value they might add, to a local authority, local public services and local communities (see example 1, 2 and 3 below).
- **Building constituencies of supporters** – inside and outside the local authority – to speak for them when budget cuts were being considered (see examples 1 and 2).
- **Raising their profile in the local community** and subsequently increasing footfall/visits to their sites (see example 2).
- **Seeking to generate additional income** (see examples 3 and 4).

Example 1: Providing a service to other parts of the council

One museum service, which was part of a local authority, reported having received support from different parts of their authority, in part, due to the museum’s corporate approach. Among other things, the head of the museum worked in the council’s main office one day a week, thereby keeping up his profile and enabling him to network with colleagues. Furthermore, the museum was the ‘fallback site’ for the council in the event of an emergency, e.g. flood. This role meant that the museum’s IT was of the highest standard, but at no additional cost to the museum, as it had to be able to cope with operating the council’s core functions. *By providing a service to other parts of the council, the museum was able to benefit from a range of council services and investments.*

Example 2: Opening up spaces to other services

One museum service, which operated a number of sites, including a gallery, a museum, and several historic sites and buildings, and which was part of a local authority, provided space in one of its historic houses for housing services to meet clients in a more convivial environment than was available in traditional housing department offices. The housing service saw more people than it would have if meetings had been held in their more formal offices (as missed appointments were at a lower level) and the museum service reported higher attendance following the meetings because clients had subsequently returned to visit the venue as their interest had been piqued. *By opening up its spaces to other services the museum service improved the performance of another service and demonstrated its commitment to corporate working.*

Example 3: Being part of an entrepreneurial local authority

A local authority museum service with a historically significant collection received expert support (via ACE) to develop its business model so that it could generate more income. The museum service had not received significant cuts in the period up to 2015 – in effect it had had a standstill budget – but faced cuts in future financial years. The museum planned to respond to the cuts by increasing its earned income, rather than by reducing its operations. It was recognised that this strategy contained risks but the council was supportive; and, furthermore, the service’s response was in line with the responses of other council services, i.e. other council services were also seeking to use their assets and services to generate additional income. The museum service had a good base on which to build. At the time of the consultation, the service generated just over 25% of its turnover from earned income. Its earned income came from a number of sources: as well as ‘traditional’ offerings such as a cafe, a retail outlet, events and room hire, the museum generated income from licensing use of images of articles and designs from its collection. As part of its business development strategy, the museum had tested the market for merchandise based on its collection (using ‘pop-ups’ in central London) and was in the process of further testing the market for its goods, along with developing its online sales offer. The museum service’s status as a local authority service was not reported as a barrier to the development and expansion of its commercial activities. Furthermore, by working with associated charitable bodies, the museum service anticipated it would be able to access funds from a range of charities and foundations with which it had built relationships during a capital development project. *By being part of an entrepreneurially minded local authority the museum service was able to test and introduce a number of income streams, while remaining within the local authority structure.*

Example 4: Active support from the local authority's legal and financial services

A Development Foundation was established to support the development of the museum service through fundraising and the knowledge, expertise and the networks of the independent Board. The Development Foundation was established following a review to determine whether the museum service should become a Trust or remain part of the local authority. The service remained in the local authority, but the exploration of different legal models led to the Development Foundation being established. The museum service actively encourages staff to bring forward commercial proposals with some departments offering consultancy services in design and conservation. *A critical success factor is the active support and cooperation of the local authority's legal and financial services.*

Suggested steps to implementing these different responses included:

- **Aligning museum priorities and activities with the local authority's overall priorities**, for example:
 - Where an authority has residents' wellbeing as a priority, the museum service develops its services in a way that demonstrably contributes to improving local wellbeing.
 - Where arts and culture form part of a council's regeneration or tourism strategy, the museum service has an opportunity to play an important role in supporting delivery of that council objective.
 - Engaging directly with the Local Enterprise Partnership and Tourism bodies to embed the service in growth and development strategies and plans that unlock funding for the service.
- **Working with council departments in order to help them to deliver their priorities**, for example, working with ...
 - Schools to enhance learning and to improve attainment.
 - Adult Social Care, e.g. by providing artefacts as part of services and programmes to support people who are affected by dementia.
- **Working with council services in order to improve service users' experiences** via integrated services, e.g. by providing a desirable and neutral space that other services may use to meet their clients.
- **Working with other local public services**, e.g. health, to add value to their offers to service users/patients, e.g. by providing volunteering or group-related activities.
- **Maintaining visibility and engaging with council colleagues**, in particular decision-makers, for example:
 - Providing venues and meeting rooms for colleagues, e.g. for training sessions or for partnership meetings, so that colleagues are aware of the museum and value its facilities.
 - In smaller authorities, museum directors/curators could regularly work off-site, in the council's main offices, so that decision-makers see that the museum service's leadership is engaging in the wider affairs of the authority.
 - In the case of Trusts or CICs, senior elected members and/or officers should be engaged with the Board so that key decision-makers from the authority are aware of, and involved in, how the local authority's funding is used.
- **Building and maintaining links with the community**, not only to inform service development but to ensure that there are advocates in the community when cuts to funding are being considered, for example:
 - Establishing (or maintaining strong links with) Friends Groups and Development Trusts.
 - Making space in venues available for community uses, e.g. events, talks and meetings.
 - Loaning artefacts to community groups to support local exhibitions and/or talks.
 - Developing a structured volunteer programme that provides different opportunities to members of local communities – from work experience, in order to help individuals improve their employability, to conservation and digitisation projects that support the core activities of a museum service.

Responses to the altered funding environment

- **Taking steps to increase income to the museum service**, by, for example:
 - Establishing an independent charity (to deliver the museum service) which may then access charitable and philanthropic grants and donations that are not available to local authorities. OR. Establishing (or working with existing) Friends Groups and Development Trusts to develop a funding strategy so that they are able to access funds that are not available to local authorities.
 - Reviewing charging policies. It should be noted that no consultees indicated that admission charges would be introduced for sites that operated free entry at the time the research was carried out. However, a number of consultees highlighted that charges were in place for historic sites and houses and that charges were made to enter temporary exhibitions or specific events/activities within the museum. Where charges are in place this is not an issue for the local authority.
 - Developing a funding/business development strategy involving a combination of different activities (see Table 2 below).
 - Staff training and development to encourage and support positive attitudes to business and the development of income generating proposals.

Consultations did not indicate that legal status, e.g. Trust or Local Authority, was a determining factor in whether or not museum services could or did carry out any or all of the activities listed in Table 2. However, they did indicate that context, scale/size of service, capacity and capability affected which income generating activities museum services undertook; these issues are discussed in section 4.2.

Table 2: Range of income-generating activities undertaken by museum services

Type of activity	Activity description
Museum	The entity through which management and viewing of the collection is undertaken.
Professional services	The sale of the skills and knowledge of staff to other organizations, e.g. consultancy services, bid writing and project management.
Research	Undertaking of, and participation in, research contracts/projects.
Learning	The delivery of learning services for payment by individuals, groups or other organizations.
Food & drink/catering	Food and beverage service activities, i.e. the sale of prepared food and drink in a café/restaurant/bar environment, and corporate entertainment.
Retail	The sale of non-consumable items.
Venue hire	The hire of spaces within the museum for a fee to individuals or organizations, e.g. conferences, weddings and corporate events.
Events	Promotional events organised to generate revenue for the institution, e.g. festivals/fairs, concerts, family days and themed days.
Filming	Use of the venue for the purpose of filming, e.g. television.
Publishing & printing	Publishing of books, journals and other written material, either in physical or electronic format, and the printing of images. ¹⁵
Image rights/photographic rights	The licensing and sale of images and photographic rights.
Apps and other media	Sale of apps and other media directly linked to the organization.
Friends/membership groups	Friends/members groups linked to the museum.
Fundraising	Fundraising and development projects directly linked to the museum, including regular activities and 'one-off' projects.
Property and land	Renting and leasing of property/land owned by the museum or trust.
Leveraging assets	The leveraging/monetization of assets/collections through another business function, e.g. artefacts available for hire, touring exhibitions, derivative designs and intellectual property

Source: TBR et al, 2015, *The Economic Impact of Museums in England*, London: Arts Council England.

¹⁵ For some, this may extend to wholesaling of printed materials.

4.2 Factors influencing the development and impact of responses

Headlines:

- Context and market are important. For example, a large museum service located in a big city that receives a significant number of tourists has different options to a small service serving a relatively small community visited by few tourists.
- The organisational culture of the local authority is a crucial influencing factor. In-house museum services are likely to prosper if:
 - (a) The authority's priorities are clear.
 - (b) The council leadership values the museum service.
 - (c) The council's finances and assets are well-managed.
 - (d) The authority has an entrepreneurial culture that enables innovation and income generation, in particular active support from legal and financial services.
 - (e) The museum service is well-integrated with other local authority services, enabling it to maximise its contribution to achieving council objectives.
 - (f) The museum has sufficient operational independence to develop its ideas and services.
- Relations between a museum trust and its local authority at elected member and senior officer level matter. If the Trust is to realise the operational benefits which Trust status offers, the relationship needs to be soundly based both in contractual terms and with regard to personal relationships. Museum Trusts need operational freedom if they are to achieve more than a reduction in the cost of Business Rates.
- Drawing on expertise and knowledge from other sectors is important. Museum Trusts need to identify and draw in different skills and experience in order to utilise alternative perspectives on what a museum service might become and how it might be developed.
- Museum leadership is vital. Museum services need to have a clear business purpose, an outward looking view, and 'political acumen', bolstered by staff's ability and capacity to share and develop the business purpose and respond to change.

The consultations pointed to a number of factors affecting the development of museum services' responses to reductions in public funding. Some factors were cited as potentially helpful and others as potentially unhelpful, or even harmful, to the successful development and execution of responses to cuts in public funding. In some cases, stakeholders highlighted the importance of developing an understanding of the overall context in which a museum service operated, in order to understand the boundaries of what was feasible. For example, a museum in a relatively small district/borough, which receives few tourists and has a small collection founded in local social history, needs to develop a very different strategy to that of a large museum, with a nationally significant collection, based in a city that itself attracts a significant number of tourists (see Example 5 below).

When asked how their museums were valued in the context of other cultural services provided, our local authority consultees answered that they were valued per se; that they were valued equally to other forms of cultural provision; and that the regard in which they were held by their communities was manifest in their high visitor numbers. It was also noted that they had come to be valued even more as a result of improved service delivery and the fact that they could be seen to be working harder for their money. In practice, existing funding arrangements and agreements are increasingly becoming subject to

annual review. Some consultees accepted that being valued by the local authority does not protect the service from reductions in funding.

Example 5: Local community focus and new insight from new management

A Borough Council with a small local museum sought to reduce the level of its spending on the museum while maintaining the museum for the community. The Council owned the collection and the building, but the museum service was provided by a third party with a 'traditional/conservative approach' to managing the service. The third party's response to the proposed budget cut was to reduce public access to the museum; in effect it proposed to manage and conserve the collection only. This response was not accepted by the Borough Council, which ran a tendering process to seek alternative providers. After interviews and further discussions, a Community Interest Company took over the management of the museum, the collection and the building remained in council ownership. The Borough Council reduced its spending on the museum by 50%. The CIC (whose board included the chief executive of, and the relevant lead member for, the Borough Council plus three executive directors) executed an ambitious growth plan, turning the museum into a community and cultural hub by opening a cafe, staging exhibitions, commissioning local artists, running events, e.g. music nights, and hiring out the venue for weddings and birthday parties etc. The original (three) museum staff were found alternative employment by their employer, so the CIC started 'with a blank piece of paper', which it found helpful. It now employs seven full-time members of staff, plus an additional four or five staff at weekends. It also draws on the expertise of up to 15 volunteers. Within three years, the new arrangements have led to an increase in visits from 10,000 to 24,000 a year. Annual turnover was reported to be around £180,000 (only around one-third of which came from the Borough Council). The CIC planned to expand into nearby buildings and to develop a cinema offer that would be operated to complement the collection. *The CIC's focus had to be on the local community and its needs as the museum was not close to an urban centre and the area did not attract tourists. The museum service was already operated by a third party but the switch to a service provided by a CIC brought new insight into how the museum could be used.*

Where a museum service remains within a local authority, a number of factors supporting successful responses to reductions in public funding were highlighted in consultations, including:

- **Clear council priorities** with which the museum service can align itself.
- **A good understanding of how arts and culture (and museums and galleries) contribute to achieving council priorities**, by working outside of departmental and professional 'silos'.
- **A council leadership (both councillors and senior management) that is committed to, and engaged in, the museum service.** Relationships often need to be nurtured across political parties, and continually developed as council leadership can change relatively quickly.
- **Effective medium-term financial planning within an authority**, from which a museum service also benefits.
- **Effective asset management within an authority** which can help a museum service control its costs, e.g. by utilising underused council-owned space for storage purposes.
- **Effective legal advice** to enable a museum service to understand its options.
- **Good cross-departmental working** where a museum service works with other services in an authority, e.g. libraries, events, education and social care, to maximise the efficient use of resources and to provide an integrated service for service users (see Example 6, below).
- **Strong links with the local community and/or local communities**, e.g. through working with community groups, offering volunteering opportunities and via loans.
- **An entrepreneurial culture**, where a number of services are looking to develop new income streams and/or expand existing ones (see Example 3 and Example 4, page 18).
- **A degree of operational flexibility in how the museum service is managed**, taking into account budget and income generation targets.

Unsurprisingly, consultations also highlighted factors that were unhelpful, or harmful, and which were often the mirror-image of the factors that were helpful. Where a local authority lacked a clear vision of what it wanted to achieve, it was not easy for a museum service to articulate its value to the council (and the wider community). Where a local authority had failed to plan and to manage its finances and/or

assets effectively, it was hard for an in-house museum service to manage its own finances and/or assets effectively. Furthermore, where a local authority's legal and financial services lacked the expertise necessary to support entrepreneurial activity, an in-house museum service's efforts to undertake more risk-taking activity was limited. Where a museum service had not built effective links with its local community/communities, it found it more difficult to develop its services to meet community needs and could find it lacked sufficient numbers of advocates in the local community when the Council reviewed its funding to the service.

Example 6: Effective cross-departmental working

A local authority museum service, which was part of a culture and heritage services division, which in turn was part of a culture and communities directorate, was able to take work with an events team both to arrange programmes of events in museums and to ensure the service was represented at events across the borough. If it had not been part of a larger organisation the service would not have been able to afford such a team and would therefore have had a smaller outreach capability. Furthermore, regeneration was a council priority, and the head of culture and heritage services met regularly with colleagues working on regeneration to identify opportunities for joint-working. At the time of the research, the authority was in discussions about how money from developers, e.g. via Section 106, which provides planning gain, and/or the Community Infrastructure Levy (CIL), could be used to support arts and culture in the area. *By being part of a local authority for which regeneration was a priority and by working with colleagues to identify how it might support them to deliver that priority, the museum service could access (Section 106 and/or CIL) funds only available to a Local Authority.*

Source: Stakeholder consultations, May 2015

Many of the success factors highlighted above also apply to Trusts. However, consultations indicated that there were some specific success factors for Trusts, including:

- **Having an effective Board**, where Trustees/Directors understand their legal and financial responsibilities¹⁶ and the museum's purpose, and where the Chair can effectively engage with senior elected members and local authority officers.
- **Identifying ways to utilise the skills and experience of local people with experience of executive decision making and of working in different sectors.** People from outside the museum sector may bring new ideas and dynamism to the sector that enables it to re-think its business models and the range of activities that are 'within scope' (see Example 7 below).
- **Establishing a trust-based relationship between Council and Trust/CIC.** Where the relationship between Trust/CIC and Council is founded on mutual trust and a shared vision for the service, risks can be taken and new approaches tested; where this foundation is absent, stagnation may follow (see Example 7 and Example 8 below).

Example 7: Drawing on experience and expertise from other sectors

A CIC was established to run a local museum. The Board and volunteers drew on the skills and experience of local people, some of whom had been in senior positions in the public sector, e.g. in social care, and therefore brought experience of executive decision making and a different perspective on how a museum could be operated. The CIC developed a business plan to develop the museum into a community and cultural hub that was able to generate more income than the museum had generated in the past. The Borough Council provided a grant (lower than had previously been the case) to help run the museum; it also provided one-off financial support to enable adaptations to be made to the building, e.g. to enable catering, and provided advice to the CIC when it applied for licenses to serve alcohol and conduct wedding ceremonies. The Council was reported to have operated a 'light touch' approach, with performance reported on a quarterly basis to the CIC Board (which contained the leader and chief executive of the Council). The CIC was reported to have brought a degree of speed to decision making, e.g. in developing the food and drink offer and organising events. *By drawing on experience and expertise from other sectors, and establishing a supportive but 'light-touch' relationship between Council and CIC, the new governance and management arrangements not only helped to develop a more sustainable business model but also increased community use of a local asset.*

¹⁶ This is particularly important where elected members are Trustee/Directors rather than observers.

Example 8: The importance of operational freedom

A Museum Trust had been established to provide museum services to a local authority which had retained ownership of its collection and buildings. At the time of the research, the Trust was reported not to have significant operational freedom, e.g. funds it raised had to be paid into the Council's bank account. This limited the Trust's ability to raise philanthropic donations as potential donors were more reluctant to donate to a Local Authority than a Trust or a Charity. Its funding agreement and leases with the Council ran for one year, which limited the Trust's ability to plan for the future with any degree of certainty. Additionally, the Trust could not determine admission prices for the sites which already charged for entry. It was suggested that in order to maximise the benefits of trust status, clear performance indicators needed to be agreed, that performance reporting should be on the basis of such indicators; fundraising by the Trust should be independent of the Council; operational issues, such as touring exhibitions, should be left to the discretion of the Trust as part of its marketing and income generation strategies; and, in order to enable long-term planning, the funding arrangement between the Trust and the Council should be for a much longer time period than 12 months, e.g. 25-30-year leases. *With limited operational freedom, and only annual funding and lease arrangements, the Trust was unlikely to realise the benefits of independence normally sought from Museum Trust, except a saving in the cost of business rates.*

The consultations also highlighted success factors that applied to whichever legal form a museum service took or that they had themselves experienced. A number of consultees reported that ACE-funded support had made their museum service more aware of the commercial potential of their collections and assets, and had helped them to identify routes to becoming more financially resilient. Some consultees suggested that smaller museum services gained kudos, and increased their local profile, as a result of loans from national museums; and therefore, that they would benefit from stronger relationships with national museums and support that would generate more loans. Other consultees, however, warned against an over-reliance on national, as opposed to local and regional, collections, as it may be interpreted as indicative of a lack of confidence in local and regional collections.

4.3 Conclusion

Consultations highlighted the variety of different operating contexts and institutional forms in the sector along with the many permutations of governance and management arrangements, organisational strategies, partnership arrangements and business models. This level of variety means that not only does no 'one size' fit all museum services, but that 'one size' may fit no single museum service exactly; in other words, responses to funding cuts (and other changes) are tailored to fit local circumstances, capacities and requirements and these are likely to change over time. The next section looks at the risks and challenges that local authority supported museum services have faced, and are facing, and the factors that experience suggests are important for their ability to respond effectively.

5. Key risks, challenges and critical success factors

The previous section looked at how museum services have sought to improve their resilience in the face of reduced levels of public funding. This section looks at some of the wider risks and challenges facing the sector that were highlighted through the consultations. It also looks at factors which interviewees thought underpinned successful responses to those risks and challenges. It should be noted that consultations did not cover all potential risks and challenges, e.g. technological change was not discussed in detail. Therefore, comments should be viewed as a contribution to an ongoing debate rather than a comprehensive survey.

5.1 Risks and challenges

Headlines:

- Further cuts in public funding to museum services; the timescales to implement service change and short notice of funding reductions.
- Changing local authority structures and local authority attitude and behaviours, e.g. risk that museum services not of sufficient scale to interest Combined Authorities.
- Funders' expectations of the role and focus of museums relative to the scale, context and capacity of the respective museum service, e.g. regarding economic, social and environmental wellbeing, health, learning, excellence in collections, partnership working and collaboration.
- Changing visitor expectations.
- Devolution of public funding.
- Arts and culture not a priority for many Local Enterprise Partnerships.
- Changing demographics.

Consultations highlighted the importance to local authority museum services of continued reductions in the level of public funding that they receive; but, they also highlighted a number of other risks and challenges to which the sector has to respond, including:

- **Changing demographics** which place pressure on museum services to ensure that they remain relevant to the populations that they serve and on whom they depend for support when budgets are to be cut. For example, one consultee remarked on the changed nature of the local authority's population and the challenge of making both the collection and the service relevant to a changing population.
- **Changing visitor expectations**, in particular, the search for 'family experiences', which require museums to develop a range of activities and offers that are attractive relative to other family-oriented experiences and destinations that are available.
- **Changing local authority structures** may affect how museum services are perceived (by local politicians, local authority officers and the public) and how museum services are able to operate and interact with other local services in future. For example, one consultee observed that local authorities were increasingly outsourcing the provision of local services, and that in such circumstances, while it might make sense to remain an in-house service for the time being, it might not make sense for the museum service to remain an in-house service in the long term as the approach would no longer fit with the way the local authority conducted its business. Furthermore, some consultees thought **museum services were not of sufficient scale to interest Combined Authorities**. It was suggested that if a Combined Authority took on a

wide-ranging arts, culture and tourism role would it be likely to play a sub-regional leadership role in the museum sector.

- **Local authority's approach to change and service delivery** short term thinking for immediate financial reduction does not support museum service sustainability, whether business rates or annual changes to funding agreements. Some consultees noted a difference between the "corporate rhetoric" of being more entrepreneurial and the realities of central departments supporting this. A consultee identified "hollowing out" of the museum service as a risk, as elected members reduce opening hours and levels of service rather than consider new business models.
- **Accurately identifying the cost of delivering the museum service.** One consultee noted this challenge in relation to preparing a review of the service prior to identifying and considering options for future management and delivery. Costs may be split across different departmental budgets and therefore may not easily be disaggregated e.g. utilities and maintenance.
- **Identifying and understanding the impact of wider local authority cost reduction proposals.** Museum consultees and stakeholders were concerned that cost reductions to central marketing functions within a local authority could undermine the effectiveness of other services, and that museums (and other cultural services) required specialist expertise (e.g. around audience development, rather than standard communications). The absence of such marketing skills reportedly increased the risk that income targets may not be met. Another museum consultee noted that in some cases new HR and IT systems may not meet the needs of a commercially-focused service.
- **Determining the right mix of business approaches** relative to the scale of the current service, and taking account of grant contractual requirements that have and are supporting capital or service development are crucial. "The key learning is that everybody is different". Some consultees felt disadvantaged by the paucity of best practice or case studies, or the absence of a body of knowledge as to how museums brokered deals. "Some kind of dedicated national information gathering would be ideal, so that people don't have to reinvent the wheel".
- **Devolution of public funding,** from the national level to pan-regional bodies (e.g. the Northern Powerhouse), sub-regional bodies (e.g. LEPs and Combined Authorities) and Local Authorities, may change the funding landscape and therefore may require new responses from museum services. For example, if funding streams for art and culture were devolved to the Northern Powerhouse, Combined Authorities or LEPs, all of which have an economic focus, museum services, along with other cultural services, may have to respond to economic priorities in ways that, to date, they have not been required to do, or be seen as irrelevant to local economic development.
- **Arts and culture not a priority for many Local Enterprise Partnerships.** It was reported that, although creative and digital industries are a priority for some LEPs, for many arts and culture was not a priority and the linkage to the creative industries is rarely recognised. Therefore it was thought unlikely that LEPs would seek to engage with museum services.

5.2 Critical success factors

Headlines:

- Local authority leadership at elected member and senior management level.
- Museum leadership both executive and governing body.
- People and skills.
- Planning and agility.
- Expert support.
- Understanding the pros and cons of retaining museum services in-house.

Consultations highlighted a number of success factors, in terms of the ability of museum services to respond to risks and challenges, including:

- **Local authority leadership.** Successful museums have local authority leaders (councillors and senior managers) who value and are engaged with the museum service, irrespective of its legal identity. Local authority attitudes and approaches to strategic change and risk (across all service delivery) impacts on how the museum service may be enabled or constrained in generating new sources of income.
- **Museum leadership.** Successful museum services have leaders and governing bodies who understand who the visitor is and how the operating environment functions, and who establish a vision and purpose for the service that is communicated effectively to the public, councillors, senior management within local authorities, partners, and other funders.
- **People and skills matter.** The skills required by a successful museum service are changing; museums are increasingly becoming less collections focussed and more audience focussed and staff need to be prepared to work across different activities in a multi-disciplinary environment. Therefore, active workforce planning, recruitment, and development is likely to be required if museum services are to build all-round resilience.
- **Planning and agility matter.** Local government is changing and so are the communities it serves; what works today may not work tomorrow. Successful museum services respond and adapt to their operating environment by managing the present and looking ahead to potential changes in their external environment.

Consultations suggest that there are pros and cons to a museum service being part of a local authority and that it is important that decision-makers understand these pros and cons when they review options. Pertinent observations made by consultees included:

- Being part of a larger organisation allows museum services to benefit from economies of scale and economies of scope, e.g. they can share the skills and expertise of events teams and business development functions which they might not otherwise be able to afford (see Example 6, page 22).
- Being part of a larger organisation also has its downsides. E.g. a requirement to use in-house services, such as marketing and IT, which may lack the specialist expertise required by a museum service (see Example 9 below), and diseconomies of scale. Often time-consuming decision-making processes, which delay the implementation of changes that could improve the financial resilience of a museum service.
- Local authority leadership is subject to change, which means a museum service's position in a local authority's priorities may change quickly, leaving it exposed to rapid changes and cuts in its funding. This also applies to a Trust that is reliant on a local authority funding agreement.

Example 9: Limitations when restricted to in-house services

A local authority museum service received business development advice (as part of an ACE-funded programme). The advice was reported to have been useful to the service and, amongst other things, the retail offer at the service's main gallery had been transformed. Restrictions on the use of outside consultants, however, prevented the service from retaining the external support it had accessed via the programme, and restrictions on the recruitment of new employees prevented the service from attracting staff with retail experience. Furthermore, a requirement to use in-house services limited the attractiveness of room hire to potential clients, as in-house catering lacked the flexibility to respond to clients' needs; the requirement to use in-house services also limited the museum service's ability to exploit the potential of digital services, as the authority's in-house IT team did not have the specialist skills and knowledge required to meet the museum service's requirements. *With restrictions on recruitment and a requirement to use in-house services, an in-house local authority museum service was limited in terms of the scale and nature of the changes it was able to make in its search for greater resilience.*

5.3 Conclusion

This section looked at risks and challenges facing the museum sector that were highlighted in the consultation. It found that fears of further reductions in public funding for museum services were accompanied by concerns over the need to respond to the changing needs and demands of local populations, changes to the way local authorities conduct their business, and potential changes to funding regimes linked to greater devolution in England. The section also highlighted some 'critical success factors', namely the quality of local authority leadership, museum leadership, workforce planning and staff development, and the degree of organisational agility when responding to changes in the operating environment.

6. Conclusions and recommendations

It is suggested that austerity will last longer than originally anticipated, with some commentators suggesting that 2020 is as likely to be an “austerity election” as 2015 (Harris & McRae, 2014: 2). Further, whilst 2015 will see a detailed comprehensive spending review, the Department for Culture, Media and Sport has already indicated that the changes in funding prompted by the recession represent “a long term shift” and should not be thought of as temporary¹⁷.

Consultees confirmed that local authorities are facing continued and substantial funding reductions. The literature review found that it remains unclear how well prepared museums are to face the reality of this kind of future (Selwood, 2015). Taking into account the range of contexts within which local authority museum services are delivered and the range of influences that inform their success, this research suggests that there is likely to be extremely mixed picture in terms of preparedness across England.

The varying and changing contexts mean that the most helpful way of describing resilience is as an ongoing process, rather than as a single objective that can be ticked off a list. Ultimately it is crucial to recognise that museums’ resilience depends on how long they can maintain any positive developments, the adaptability of their operational models, and how much income they can generate against their long-term sustainability. This final section of the report reviews the main findings of the study and makes observations and recommendations regarding actions and interventions that may support this ongoing process of resilience in the local authority museums sector going forward.

6.1 There is no one-size-fits-all response to the changing funding environment

The research has identified a myriad of responses to the changing funding environment, which vary within and across local authorities and the museum services. It is impossible to determine a recommended approach to how a local authority and the museum service should respond: the response must be driven by the specific local context (which will continue to change) and be guided by strong leadership. As such, it is difficult to identify what is ‘best’ practice. However, information sharing is essential: what has worked (or not), effective behaviours and processes, along with full information about the context in which decisions are being taken, is important and valuable. It is essential though to ensure that examples are followed up over the short, medium and long-term in order to cover the full journey, rather than part of it.

Recommendation: It is important that museum development organisations and other stakeholders work together to promote the sharing of practice. This could either be through dissemination of information (e.g. reports of this nature, case studies etc) or supporting active networks through which people can learn directly from each other. Further research to explore and track the impacts of changing funding in the local authority museum sector, and responses to it, over the medium and long term would be beneficial.

Recommendation: The literature review identified a range of programmes that have had the aim of encouraging sustainable/resilient museums. Each is likely to have (or have had) a separate evaluation, but a holistic review to consider what each has achieved and how funding should be directed in the future would be useful.¹⁸ This should span across ACE and HLF and incorporate programmes of support delivered by organisations such as AIM, MA and Museum Development.

¹⁷ Henry Hall blog 27.5.14 The Future of Cultural Services SOLACE masterclass <http://www.solace.org.uk/knowledge/articles/2014-05-27-making-the-case-is-relentless/>

¹⁸ The only evaluation we were able to find publicly available was the Catalyst Evaluation (year one). The feedback from this is largely that it is too early to be precise about outcomes, that there are good signs of the programme achieving what it set out to do. See: <http://www.artscouncil.org.uk/media/uploads/CatalystEvaluationYear1FinalReport.pdf>

6.2 Developing an entrepreneurial culture will be vital to future resilience

There is a view that efficiency savings have, by and large, been made. However, consultation also suggests that some museum services have not yet faced substantial reductions. One might interpret 'protection' from cuts for museums in the slower reductions in expenditure on museum services than cultural services as a whole since 2008/09. However, this is likely to be coming to an end. Inarguably museum services will face further/continued reductions in funding going forward. To some extent the level of reduction is immaterial, what is important is that it will happen and local authority museums must be prepared to move to models of funding that incorporate a mixture of funding and revenue streams. Other research suggests that organisations' potential to become more resilient is likely to be prejudiced by their dependence on public funding (Bull et al, 2014). With this in mind, the challenge to the museum services (and the sector as a whole) is to embrace the opportunity to innovate and evolve presented by a changed funding environment.

Recommendation: It is essential for local authorities and museum services to be pro-active rather than procrastinate on a way forward, particularly given the absence of an 'off the shelf' solution. However, plans must be well thought through, embedded in the local context, and have realistic timescales. Short termism can be extremely damaging and difficult to manage. The consultation identified that in practice, existing funding arrangements and agreements are increasingly becoming subject to annual review. Effective medium-term financial planning within an authority, from which a museum service also benefits, is crucial.

The necessity for change was reflected by the Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan England in the need for local authorities (and by consequence all services) to 'transform themselves from organisations that spend central money [...] to ones that manage and grow their budgets through new revenue streams'. The consultation demonstrated that local authority museum services are likely to respond to the organisational culture of their authority. E.g. those authorities with an entrepreneurial culture are more likely to have entrepreneurial museums. Where local authorities seek to generate income from a range of sources and are prepared to take risks, museum services will be able to seek to generate income and take risks in order to reduce their reliance on public funding and become better able to finance their own activities.

Recommendation: When reviewing options on how to improve a museum service's ability to generate more earned income, stakeholders should seek to understand the local authority's approach to risk taking and entrepreneurialism. In some cases it may be that a museum has the freedom to make vital changes from within the local authority, in other circumstances this may not be the case.

In this context, an entrepreneurial culture and appetite for risk and change across the local authority is crucial. Our research indicates that in practice, this varies considerably and that in many places the organisational 'rigidities, resources and routines' observed as constraints on change and innovation by BOP in 2012 remain evident today.

There appears to be some resistance to the terminology of business within the sector. This is perhaps implicitly reflected talking about 'moving or devolving to trust status'. As a counter example, the archives sector talks about 'spin outs', a phrase often used in the corporate world and the University sector to reflect the spinning out of a business or research function for the purpose of commercialisation. Whilst it could be argued that this is a moot point and simply choice of words, it is clear that thriving museum services and local authorities are comfortable with business language, with a commercial focus, and do not consider this to detract from their social objectives and mission.

6.3 It is important to focus on selecting the right business model and strategy

There was no consensus among consultees as to whether a particular legal form, such as a Trust, Charity, Community Interest Company or Local Authority, was more suited to responding to the challenges of austerity than any other. To this end, extensive consideration of legal status can be seen as something of a red-herring. Far more important is strategy and the business model in place that will support the museum's development, regardless of technical legal status.

Recommendation: Accredited museums are currently required to submit a forward plan. We suggest that all museums should be required to submit a specific business plan.

Legal status is not seen to be a determining factor in whether or not museum services can or do carry out additional income generating activities. However, context, scale/size of service, capacity and capability can affect which income generating activities museum services undertake. The most effective business model for a local authority museum service may depend on the nature of its collection and the area in which it operates. As such, it is important to recognise that there is unlikely to be one business model that fits all potential collections and localities. It is clear that when it comes to building resilience, context matters and the nature of a museum's collection matters. Small local authority museums which are focused on local history, and which are located in places where few tourists visit, need to develop different strategies (e.g. becoming community arts hubs) relative to large museums with prestigious collections that are located in places which receive lots of tourists (e.g. developing as a commercial visitor attraction and offering "family experiences").

Recommendation: When reviewing the most appropriate legal status, business model and development plan for a museum or museum service, stakeholders need to consider, understand and respond to the specific context in which a museum and/or whole museum services operates; no single approach will suit all contexts.

Our consultations also suggest that local authority museums with stable finances tend to be part of local authorities with stable finances. As local authority museums form part of wider financial managements systems, the museums' financial sustainability is often a product of the relevant local authorities financial arrangements rather than discreet decisions made by the museum.

Recommendation: When assessing a museum or museum service's sustainability, ACE should not identify one legal form as more or as less sustainable than another, but rather consider the financial situation of a museum's local authority as a vital factor in understanding the museum's long-term sustainability.

The provision of space and expert resources to help museums develop their business models can have a positive impact. However, museums noted that they were not always able to fully exploit the advice that was provided to them, being hindered for example by local authority rules against employing consultants or recruitment freezes. These restrictions limit a museum service's ability make essential changes. ACE programmes to support business development in museums were viewed positively by consultees. However, barriers to making changes were reported.

Recommendation: When devising programmes to support business development for local authority museums, ACE should seek to:

- Understand what constraints local authorities may place on museums seeking to implement recommendations for change.
- Ensure constraints are kept to a minimum or are removed as a condition of receiving support.
- Provide follow-up support to museums in order to help them implement recommendations.

It is also important to recognise that remaining part of the local authority is a viable option and indeed the preferred option for many. Local authority museums that are well-integrated with other local authority services can benefit from resources and expertise that they would not be able to afford or access if they were independent trusts. Being part of a larger organisation allows local authority museums to benefit from economies of scale and scope. For example, events teams and business development functions that they might not otherwise be able to afford can be shared with other departments, e.g. libraries.

However, being part of a larger organisation also has its downsides. Local authority museums which are tied in to unresponsive and/or relatively expensive local authority support services can be hampered from making changes that might help them to become more sustainable. For example, a requirement to use in-house services such as IT that lack the specialist expertise required, and delays in making decisions.

Recommendation: When contemplating any move to trust status, stakeholders should review the extent to which a museum service is integrated with and benefits from joint-working with other local authority services. Where local authority museums are hampered from making changes due to a requirement to use in-house local authority services, stakeholders need to review whether:

- The local authority's services could be improved to help the museum make the changes it needs to make.
- The museum service could procure an alternative provider while remaining within the local authority.
- The museum service would be better served by having independent status and accessing its own specialist support services.

It is clear that Trust status is the most frequently considered and used alternative legal status. However, it remains unclear as to whether this is simply because of a limited range of other options. Where management and governance arrangements are unclear or restrictive, the benefits of trust status can be limited. In order for museum trusts to be able to capitalise on the freedoms Trust status potentially offers, it is important that they are set up in an effective and efficient manner.

Recommendation: ACE (perhaps in partnership with the Charity Commission) could look to establish good practice guidelines on what new trust arrangements should look like, and/or include a review of governance and management of museum trusts as part of the accreditation process.

6.4 Effective, pro-active leadership is vital

Museums that thrive within a local authority setting tend to align their activities with the council's priorities. Some may see this as a diversion from the museum's core purpose; others see it as an essential part of being a modern museum. Effective leadership of the museum goes hand in hand with effective leadership and support from the local authority at elected member and senior management levels. Our research suggests that support at these levels is not always consistent. A museum service may have the support of both, or one or the other, or indeed neither.

Recommendation: ACE currently works with the LGA to deliver training programmes on the development of elected members with culture portfolios. These are welcome, and consideration should be given to whether they can be extended and whether any similar packages can be developed for those in senior management with a responsibility for culture.

The museum service must be on the front foot and take responsibility for seeking to link the museum to the broader council agenda and priorities. Leadership must be pro-active, taking the museum out to the rest of the local authority (and the broader community) and ensuring it is clear what the museum can do for them, rather than what they can do for the museum. In order to improve their sustainability, local

authority museum services need to understand and contribute to their local authority's objectives, e.g. health and wellbeing, education, economic development etc.

Recommendation: Embed providing evidence of linked objective setting as part of the accreditation process for museums. This is particularly relevant for local authority museum services which have a broader organisational agenda to link to; however, all museums could be asked to consider local strategies as part of their development plan.

6.5 Advocacy must be effective from national to local level

It is clear that there is a need for museum services to be able to draw on advocacy from partners and sector leaders at a national, regional, sub-regional and local level to support them in case making. Indeed, the sector as a whole would benefit from greater co-ordination within and between the main national bodies.

Recommendation: It is essential that ACE provides a strong, national voice to support the sector and is clear on the key headline messages that should be used to lever support. This needs to include advocating the non-financial support Local Authorities can give their museum services. For example, allowing the museum to move away from the use of local authority services if they are restrictive or giving trusts sufficient independence to operate effectively.

Recommendation: ACE should review its strategic Local Government advocacy and include engagement with the Chief Cultural & Leisure Officers Association (CLOA) and SOLACE in addition to the LGA.

The extent to which museums are visible within the arts and culture brand remains a key question. A concern related to Local Authorities moving to combined status and shared services is whether museum services will be heard amidst the needs, demands and profile of other statutory services and the rest of arts and culture. Within the current two tier local authority system, the consultation raised the difficulty of former district authorities having sufficient status around the table to negotiate effectively. There is concern that this would be compounded in a combined authority situation.

Recommendation: It is important for ACE to remain abreast of developments with regard to changing local authority structures and decide how and where their intervention can make the most impact.

The consultation did not identify any examples where a strong relationship with the Local Enterprise Partnership (LEP) was in place, or the museum even being on the LEP radar. Whilst creative and digital industries and tourism are priorities for some LEPs, the role of arts and culture within this isn't sufficiently understood. It is important that museum services build networks locally in order that leaders from across the community (civic and business) are in a position to advocate for their role and importance. This is an important balance to what may be perceived as rhetoric rather than advocacy from the cultural sector.

Recommendation: ACE should advocate for the linkage between arts and culture and the broader creative sector and tourism at LEP level, ensuring that museums are embedded and sufficiently visible as part of this.

Recommendation: Locally, museum services need to ensure they work beyond the cultural sector to identify and develop strong advocates from within their communities.

Smaller museum services might benefit from being able to tap into the leadership/technical capacity/networks of Major Partner Museums (MPMs), particularly as relates to their local/sub-regional context. However, some consultees noted that there was a problem that, in a time of financial restraint, their councils were reluctant to risk arrangements that might lead to them having to subsidise neighbouring services. Some consultees felt that Major Partner Museums could do more to support smaller museum services in their sub-region or region as they themselves lacked the wherewithal to carry out activities that may help them to become more sustainable.

Recommendation: Working within the current infrastructure, ACE should review the conditions it places on its grants to MPMs to see to what extent resources could be earmarked for work to support smaller museums services within their sub-region/region. Looking to the future, ACE may want to consider a commissioning model for this type of service.

Some consultees felt that loans to smaller local authority galleries from national museums helped local museums build and maintain their profiles, and made it easier for them to make the case for ongoing local authority funding. These consultees said that it was not always easy and/or affordable for local authority museums to arrange loans from national museums. It is clear that in some cases, loans from national museums may strengthen a local authority museum's hand in making the case for continued local authority funding and in building local community support for the service; but, the costs involved, or national museums' focus on building links to larger museums from which they might borrow, limits the scale of activity.

Recommendation: ACE could develop a programme to facilitate loans from national museums to local museums, where the loans are part of a coherent strategy for building the museum's profile within the community and /or enhancing the service's value to the local authority.

6.6 Skills remain a barrier to change

The skills needed across the museums sector have changed and will continue to evolve. 'Traditional' approaches to working are noted as incompatible with changes to governance and management structures and more fundamentally, the business model of the organisation. These traditional approaches to working are perhaps best summarised as siloed professions vs. the need now for multidisciplinary roles as museum services, in effect, become small businesses and employees are needed to wear multiple hats.

Recommendation: There needs to be strong leadership from sector development bodies on the need for active workforce development and support in shifting professions and staffing structures to support new business models.

People and skills are crucial to achieving change. Some consultees noted that local authority restrictions on staff management, e.g. recruitment freezes, no compulsory redundancy policies, and redeployment policies, placed particular constraints on their ability to make essential changes that are less likely to be observed elsewhere in the museums sector. As noted above, a further challenge related to skills for local authority museums may be the requirement to use in-house services, such as IT, that lack the specialist expertise required. The ability to actively plan the workforce and skills available is essential if museum services are to build resilience. If a particular business model restricts this, it must be a key consideration in how to move forward.

Recommendation: When reviewing the most appropriate legal status, business model and development plan for a museum or museum service, stakeholders need to consider, understand and respond to issues associated with redundancy, recruitment, retention, training and development, and the impact of current constraints relative to the potential benefits of greater freedom.

There is also a need to recognise the benefits of drawing on a broad range of expertise from across the public and private sector. As museums services are moving to trust status, more former public sector workers from a range of public services, sometimes following early retirement/ redundancy, are able to get involved in setting up and operating museum trusts. These people bring to the sector different skills and perspectives which need to be understood and utilised.

Recommendation: ACE needs to review how best to understand the skills of those establishing and running museum trusts and to utilise them to reinvigorate the sector.

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