

## Regulatory Impact Assessment

### 1. Title of proposal

Amendment to the Museum of London Act (1965) by Regulatory Reform Order.

### 2. Purpose and intended effect of measure

#### (i) The Objective

The objective is to safeguard the public display of the MoL Port and Docklands Collection, currently loaned to the Museum in Docklands, and secure the long-term financial and operational future of the MiD.

#### Devolution

This change only has applications in England

#### (ii) The Background

In the early 1980's the Museum of London began recording and collecting material relating to the closing docks. This collection, built up over a period of twenty-two, is now known as the "Port and Docklands Collection" and forms an integral part of the MoL's 20<sup>th</sup> Century collections. Its importance inspired the vision for a new museum dedicated to the river, the port and the people who made London.

In 1981, Governors submitted evidence to the House of Commons Education, Science and Arts Committee setting out their objectives and some of the means by which they hoped to realise them. The evidence submitted made it clear that:

- There was insufficient storage space for the results of the great explosion of archaeological and recent period research and collecting;
- The permanent exhibition at London Wall, "a biography of London" was a first statement, evoking only the most salient features of the recent past; more detailed aspects needed to be drawing on the 90% of objects not on display.
- The Governors of the museum wished to develop outstations and more display space in order to be able to show London's maritime and industrial past, preferably in the Docklands itself.

In the evidence, the outstation for the Port and Rivers collection was estimated to need 8,000 square meters of space. It stated that the Governors had no borrowing powers of their own which would enable them to create this. It also stated that the MoL were unable to operate outside of the City of London through legislation that this Regulatory Reform Order looks to change.

The proposal developed was for a shell and core to be provided by a developer, the remaining building fittings out to be met by London Docklands Corporation and a Museum in Docklands Trust to raise the remaining exhibition and equipment costs – a three way split of £15m.

The size and costs of the building project have varied little over the years, but it was the availability of Heritage Lottery Funding (HLF) and the lease of a building at a peppercorn that finally made the concept a reality at West India Quay. The HLF approved a grant of £11,846,000m for capital works in 1997. The building work and fit-out is now almost complete. The Museum in Docklands is due to open to the public on 24<sup>th</sup> May 2003.

Early in 2001, the HLF were alerted to financial difficulties arising from the delays and additional building costs. They also expressed concern at the viability of the original business plan in light of the changed nature of the changed nature of the "market" as the national museums became free. They were convinced that for the Museum to be a success it would required the operational strength of the Museum of London and its ability to lever in additional funding. In addition, the high level of support costs could be minimised if the two organisations merged.

In light of the above analysis, the HLF sought the merger of the two organisations and made this a condition of HLF's support. The Board of Trustees of the Museum in Docklands and the Board of Governors of the Museum of London formally agreed to progress a merger at their March Board meetings. The Trustees and Governors believe that the merger will deliver an inclusive vision for the future of the Museum in Docklands, backed by the organisational and management strengths of the core Museum of London team.

The Museum in Docklands plans to open on 24 May, 2003.

(iii) Risk Assessment

Without legislative action, the MoL might still go ahead with taking over the MiD. If so the MiD Trust would have to remain in existence as a legal body and the formal merger and combination of staff could not go ahead. The saving for the MoL that would result from being able to formally merge, including reduced costs from not having to maintain two separate boards, have been estimated by the MoL at around £514,000 for 2003/04 (the first complete year of operation).

If the MiD project were to fail due to the merger not taking place, the Port and Docklands Collection would have to be transferred to storage and maintained without public access. The one off costs of moving the Collection would be £60,000 and the cost of maintaining the collection in storage would be £200,000 per annum. It would also mean the £12m of Heritage Lottery fund money that has already been committed to the project would have been wasted.

(iv) Business sectors affected

The merger would ensure the MiD remains a public attraction in the Docklands area. This would obviously be of benefit to local shops and businesses. It is unlikely that there will be any affect beyond that of businesses local to the MiD

(v) Issues of Equity and Fairness

Neutral

### 3. Options

Option 1: *Do nothing*. This would mean that there would remain in place a separate MiD Board in place. This could lead to the withdrawal of funding by the HLF and therefore the collapse of the project. Even if the HLF did not withdraw, there have been several question marks raised regarding the sustainability of the MiD without the MoL support. The Museum of London has a successful track record in running its London Wall and Hackney sites in terms of attracting and retaining visitors, initiating innovative community based programmes, generating commercial and sponsorship income, interpreting its collections to aid public understanding and caring both for its collections and the buildings which house them.

Option 2: *Amend the 1965 Act*. This would allow the MoL to merge with MiD (as agreed by both the MoL Board and the MiD Trustees) and so ensuring its financial sustainability.

### 4. Benefits

Option 1: The MoL would not take on the extra responsibility of the direct running of another institution and all of the costs involved in such a venture.

Option 2: The measure would effectively help safeguard the immediate future of a new capital project (MiD), into which approximately £12m of Heritage Lottery Fund (HLF) money has already been committed. The HLF has made it a condition of grant that MoL take over the running of the MiD, to reassure them on issues of management and governance related to the project. Without the amendment to the 1965 Act, it is by no means certain that the MoL would be able to go ahead with managing the MiD, due to the extra costs of maintaining a separate MiD Trust and staff outlined above. Safeguarding the MiD would ensure that the Port and Docklands Collection is accessible to the public and that the Docklands area has its own museum. The presence of an attraction such as the MiD would also have a knock on benefits for local trade and economic degeneration.

### 5. Costs for businesses, charities and voluntary organisations

#### (i) Total costs

The merging of the MoL and the MiD represents a significant reduction in costs when compared to the costs incurred if the two bodies remain separate. Details of these can be found in the Annex attached to this document.

#### (ii) Costs for a typical business

Not applicable

### 6. Consultation with small business

The suggested change will have only an insignificant affect on small businesses.

### 7. Competition Assessment

The proposals will not create any costs for business and would not be expected to have an effect on competition.

### 8. Enforcement and Sanctions

Not applicable.

**9. Monitoring and review**

The Department for Culture, Media and Sport monitors the performance of each of its sponsored bodies (of which the MoL is one) through Funding Agreements. These agreements set out what each body will provide in return for the grant-in-aid that it receives measured against performance targets monitored by the Department. The performance of the MiD will be measured as part of the MoL's Funding Agreement and the MoL's funding (that will include extra resources for the running of the MiD) will be dependent upon its performance against its performance targets.

**10. Consultation**

*(i) Within Government*

Those agencies consulted within Government have included the various interested parties within the DCMS. We have also consulted the Small Business Service and the Office of Fair Trading.

*(ii) Public Consultation*

A consultation of 12 weeks will be necessary prior to the drawing up of Orders. The consultation document is attached. The results of the consultation and any resulting amendments to the RIA will be recorded here once the process has been completed.

**11. Summary and recommendation**

The preferred option of the Department for Culture, Media and Sport and the Museum of London is the changing of the Museum of London Act, 1965, sections 4(1) and 4 (2) through a Regulatory Reform Order. This will allow the MoL and the MiD to merge thus ensuring the MiD will remain an attraction to visitors for years to come.

The preferred option for securing this change would be through a Regulatory Reform Order, but the final decision in whether this turns out to be the legislative toll used is dependent upon the results of the consultation.

**12. Declaration**

\*To be completed only after the Regulatory Reform Order has been laid and made.

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs.

Signed.....

**Date:**

**Minister's name:**

**Title:**

**Department:**

**Contact point**

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## ANNEX to Regulatory Impact Assessment

Analysis of the savings made through the merger of the MoL and the MiD

<b>ANALYSIS OF COST SAVINGS ACHIEVED THROUGH RRO</b>				
1. Reduced cost of maintaining separate charitable company	2003/04	2004/05	2005/06	Total
	3 MONTHS			
Board secretarial	17,450	69,800	69,800	157,050
Based on cost of MoL				
• Main Board				
• Audit Committee				
• Remuneration and Terms of Service Committee				
• Finance and General Purposes Committee				
External Audit + Statutory Returns	15,000	15,375	15,759	46,134
Based on cost of MoL (less audit cost of MoLAS)				
Internal Audit	5,250	21,000	21,000	47,250
Based on cost of MoL				
	<b>37,700</b>	<b>106,175</b>	<b>106,559</b>	<b>250,434</b>
2. Cost reduction driven by staff positions being combined				
with MoL staff				
Costs per Museum in Docklands option appraisal				
Director	60,850	62,371	63,931	187,152
Secretary	21,636	22,177	22,731	66,544
Development and Marketing Assistant	18,030	18,481	18,943	55,454
Director of Finance and Administration	39,553	40,542	41,555	121,650
Accounts Assistant	24,040	24,641	25,257	73,938
Head of Public Programmes	45,638	46,779	47,948	140,365
Commercial Manager	30,050	30,801	31,571	92,423
IT systems Technician (50%)	12,020	12,321	12,629	36,969
	<b>251,817</b>	<b>258,112</b>	<b>264,565</b>	<b>774,495</b>
3. Care and storage of collections	150,000	150,000	150,000	450,000
<b>TOTAL</b>	<b>439,517</b>	<b>514,287</b>	<b>521,125</b>	<b>1,474,929</b>