

LONG LIST OF OPTIONS FOR THE FUTURE GOVERNANCE MODELS FOR THE HERITAGE SERVICE – 2013/2014

In the papers presented to the Executive in October 2016, there was a Detailed Business Case which included a 'long list of options' for future models.

These options came from an exercise completed by the Heritage Service in 2013/14, where advantages and disadvantages were considered and options placed in order of preference based upon the circumstances and context of that period in time. The Service has since reviewed the 2013/14 options again given the changes in the financial and political climate as well as the changes and progression within legislation.

The options identified and assessments made in 2013/14 and also the new considerations (made in 2017) are shown in the table below:

2013/14 OPTION		2013/14 RECOMMENDATION	HERITAGE SERVICE REVISED COMMENTS 2017
A	Do nothing	Discontinue – full savings will not be made	Included within the Public Protection and Communities Scrutiny report
B	Add the Heritage Service to the Library Service Procurement	Discontinue – Invited Expressions of interest, but none received	
C	Set up an LCC controlled Teckal company	Discontinue - LCC would retain control of operations, and determine the service specification. As a purpose built company there would probably be a good strategic fit with the heritage service's mission, aims and objectives. Potential tax and other implications not yet fully understood.	
D	Join an existing Teckal Company (e.g. Compass Point)	Discontinue - LCC would have to become a member of the company if the value of the contract was more than 20% of the company's business with its main shareholders. In addition, Liable for Corporation Tax on accounting profits and Stamp Duty Land Tax – may be payable if freehold/leasehold property is transferred.	This is only felt to be viable if LCC become a member of the company and exercises control within the existing Teckal. If LCC do not become a member then this option is not felt to be viable because under EU regulation 2015 a Teckal can only undertake 20% trading with third parties outside of their Teckal contract. It is believed the quantity of work LCC would want to include to an existing Teckal would exceed the 20% threshold.

2013/14 OPTION		2013/14 RECOMMENDATION	HERITAGE SERVICE REVISED COMMENTS 2017
E	Collaboration or Joint Venture with the University of Lincoln	Discontinue - May not achieve full budget reductions. It would also potentially put existing grant funding bids at risk e.g. ACE NPO funding. It also separates the ownership of the collections and buildings from their operation.	Included within the Public Protection and Communities Scrutiny report
F	Transfer operations to an existing charitable trust	Discontinue - This option would see the externalisation of the Heritage Service to an existing charitably run organisation. Market consideration has not identified any significant market for these services and this option should only follow on from more extensive market engagement/development activity.	Included within the Public Protection and Communities Scrutiny report
G	Form a Community Benefit Society (CBS) with Charitable Status	<p>Discontinue - LCC would not have direct control, but would be the commissioner with observer status on the board. Business plan unproven and as a new organisation no track record, so specialist advice would need to be sought in relation to procurement.</p> <p>This would require specialist legal advice to set up a new organisation.</p> <p>Relies on central establishment charges (CEC) being re-directed to the service. This would potentially put existing grant funding bids at risk e.g. ACE NPO funding.</p> <p>Separates the ownership of the collections and buildings from their operation.</p>	Included within the Public Protection and Communities Scrutiny report

2013/14 OPTION	2013/14 RECOMMENDATION	HERITAGE SERVICE REVISED COMMENTS 2017
<p>H Form a Charitable Trust and Company Limited by Guarantee (Non-Profit Distributing Organisation)</p>	<p>Discontinue and standalone option, but consider as longer term option. The advantages of this option are:</p> <ul style="list-style-type: none"> • Does not have share capital • Members act as guarantors instead of shareholders • Has the ability to enter contracts • Offers 80% relief from Non-Domestic Residential Rates • 5% VAT on fuel • Access to gift aid (can reclaim £0.25 on every £1 donated by tax payers) • Access to grants from other charities – c£1bn available each year. • LCC determines the service specification and negotiates an acceptable contract price. • Less reputational damage to LCC than some other options <p>As a purpose built organisation it would have the strongest fit with the heritage service's mission, aims and objectives.</p>	<p>Included within the Public Protection and Communities Scrutiny report</p>
<p>I Form a Community Interest Company</p>	<p>Discontinue - Business plan unproven and as a new organisation no track record, so specialist advice would need to be sought in relation to procurement.</p> <p>This would potentially put existing grant funding bids at risk e.g. ACE NPO funding.</p> <p>Regulated under company law, but also by the Regulator of Community Interest Companies.</p> <p>Does not have charitable status. Relies on central establishment charges (CEC) being re-directed to the service.</p>	<p>Included within the Public Protection and Communities Scrutiny report</p>

2013/14 OPTION		2013/14 RECOMMENDATION	HERITAGE SERVICE REVISED COMMENTS 2017
J	Form a Commercial Company	<p>Discontinue - Business plan unproven and as a new organisation no track record, so specialist advice would need to be sought in relation to procurement.</p> <p>This would potentially put existing grant funding bids at risk e.g. ACE NPO funding.</p> <p>It would involve procurement issue for the Council in contracting for its existing service.</p>	Included within the Public Protection and Communities Scrutiny report
K	Enter into a joint venture agreement with other authorities	<p>Discontinue - Less LCC control over the outputs and outcomes due to a need to work with other authorities.</p> <ul style="list-style-type: none"> • No 80% relief from • Non-Domestic Residential Rates • No 5% VAT on fuel • No Access to Gift Aid • Potentially put existing grant funding bids at risk e.g. ACE NPO funding. <p>Separates the ownership of the collections and buildings from their operation.</p>	Option K can be dismissed as the financial burden would not be released; only efficiencies savings could be achieved by running numerous services by one administration. The savings required would not be achieved by handing responsibility of the service over to another Local Authority. There is also the caveat that we have not sourced another Local Authority who would be interested in working collaboratively with Lincolnshire County Council to deliver both their own and Lincolnshire's Heritage Service. Heritage Services across the Country have experienced budget reductions similar if not more extreme and are faced with reviewing service delivery, to add additional sites and requirements would not necessarily be something they would have the appetite nor budget for. Other local authorities are likely to be facing similar financial constraint and challenges.

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L	Run a Procurement exercise for the Heritage Service	<p>Discontinue - Consultation with TNA and depositors and the custom rotulorum would be required in relation to Lincolnshire Archives.</p> <p>Business plan unproven and as a new organisation no track record, so specialist advice would need to be sought in relation to procurement. This would potentially put existing grant funding bids at risk e.g. ACE NPO funding.</p> <p>Separates the ownership of the collections and buildings from their operation.</p>	Included within the Public Protection and Communities Scrutiny report
M	Split the Heritage Service, such that Archives remains in the county Council as part of "enabler strand" along with information governance and the rest spins out	<p>Discontinue - The development of the archives relocation project with integration would be more complex. Potentially more expensive management costs than remaining within the Heritage Service.</p> <p>Partly separates the ownership of the collections and buildings from their operation.</p>	Option M is felt not to be an option due to the Heritage Lottery Fund application relating to the Archives Capital Build, that emphasises the link between the new Archive and existing Heritage Services in the same location e.g. Museum of Lincolnshire Life being a combined and multi-functional site. Additionally, this option would not realise savings required as the cost of running sites and attractions would remain.
N	Split the Heritage Service into its component parts, with different forms of governance above	<p>Discontinue –</p> <ul style="list-style-type: none"> • Some sites may not benefit from 80% relief from Non-Domestic Residential Rates • Some sites may not benefit from 5% VAT on fuel • Some sites may not benefit from Access to Gift Aid • Increased management costs, no economies of scale. • This would potentially put existing grant funding bids at risk e.g. ACE NPO funding. 	Option N has not been considered as each site would need their own governance structure, staffing and back office costs etc. This would require the Service to make some difficult and challenging decisions in regards to what heritage sites the Council would choose to retain. It is important to note that whilst each individual site should be assessed for its efficiency and commercial viability, the Castle is the biggest generator of income and that could support other attractions through reinvestment. There is a considerable political and reputational risk in

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		<p>Separates the ownership of the collections and buildings from their operation. Reduces ability of sites to work collaboratively within the same service – the whole service approach and any economies of scale would be lost.</p> <p>The ability for service wide delivery of the Heritage Service's mission, aims and objectives would be reduced. Ability to enter contracts not clear.</p>	taking a 'Cherry Picking' approach. Also the potential split of the Heritage Service into its component parts could be a consideration of the other options that are to be taken forwards, rather than reviewed in segregation to the other proposed alternatives.
O	Split the Heritage Service's site based operations from the curatorial functions	Discontinue - Makes management of the collections and sites more complex. Potential increased management costs, no economies of scale. Consultation with TNA depositors and the custos rotulorum would be required in relation to Lincolnshire Archives. This would potentially put existing grant funding bids at risk e.g. ACE NPO funding. Separates the ownership of the collections and buildings from their operation.	Option O as Option N, and should be a consideration of the other options that are to be taken forwards, rather than reviewed in segregation to the other proposed alternatives.

Options M, N and O are different ways in which the above options may be packaged or otherwise mixed and matched.