

# **Lincolnshire County Council**

## **Detailed Business Case**

### **Future of the Heritage Service**

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## Project overview

<b>Project</b>	<b>Future of the Heritage Service</b>
<b>Summary</b>	<p>A detailed business case to create long-term sustainability of the Heritage Service through a transformation programme – called a FuturePlan - which will see its operating model shift from a traditional council-led service funded through grant-in-aid, to an audience-focused Cultural Enterprise which will be primarily funded through commercial operations.</p> <p>This will necessitate a number of changes, including the development of two supersites at Lincoln Castle and The Collection Museum &amp; Art Gallery to maximise commercialise opportunities through more innovative and audience-focused programming, the rationalisation of the property portfolio, and cultural and operational change within the Heritage Service to ensure successful delivery.</p>
<b>Investment Aim &amp; Objectives</b>	<p>The aim of this DBC is to establish the Heritage Service as a Cultural Enterprise that will allow it to leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors. The four Investment Objectives (IO) are as follows:</p> <p>IO1: Establish a Cultural Enterprise model to support the long-term financial sustainability of the heritage service.</p> <p>IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health &amp; wellbeing, and other social outcomes.</p> <p>IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.</p> <p>IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.</p>
<b>Key points to be aware of</b>	<ul style="list-style-type: none"> <li>• Requires capital investment and fundraising to enable the Supersite concept to be realised at both Lincoln Castle and The Collection to unlock commercial returns.</li> <li>• Substantial cultural and structural change in the way the Heritage Service operates is required, most notably in its audience focus and success criteria which now have to be more fully connected to the commercial performance of the service.</li> <li>• Some sites will cease to be in LCC's portfolio and will be operated by third parties or will experience a change of use.</li> </ul>
<b>Current status</b>	We are seeking approval to start implementing this scheme of work as outlined in this DBC.
<b>Funding profile</b>	<ul style="list-style-type: none"> <li>• Over the course of this scheme of work LCC's contribution to the operation of the Heritage Service will be reduced from around £960k in 2018/ 19 to about £222k in 2023/24.</li> <li>• We also propose to fundraise for approx. £5m to cover capital works at The Collection &amp; Lincoln Castle to transform them into more commercially viable Supersites. LCC is likely to have to contribute between £1-£1.5m to support this investment.</li> </ul>
<b>Key dates</b>	Key dates are outlined within the Management Case.
<b>Key risks</b>	<ul style="list-style-type: none"> <li>• Failure to fundraise for capital works at Lincoln Castle and The Collection.</li> <li>• Failure to make cultural and operational changes within the Heritage Service to run as a Cultural Enterprise.</li> </ul>

## Executive Summary

### Introduction

As a result of ongoing austerity, LCC has had to make £130m of funding cuts since November 2015. This continues to affect many council services, including the Heritage Service, which has introduced efficiency savings to reduce LCC's grant-in-aid, as outlined below.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2016/17	£5.5m	£3.0m	£2.5m
2017/18	£5.0m	£3.4m	£1.6m
2018/19 <sup>1</sup>	£4.3m	£3.2m	£1.1m

Although the Heritage Service's budget has been reduced and Lincoln Castle continues to perform, no new income streams have been developed which means that long-term financial sustainability is unachievable under the current business model. The purpose of this business case, then, is to propose a new business model which will lead to long-term financial sustainability for the Service. This is expressed through four objectives:

1. Establish a Cultural Enterprise model to support the long-term financial sustainability of the heritage service.
2. Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.
3. Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.
4. Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

### Moving from grant-in-aid to a cultural enterprise model

The Heritage Service currently looks after a diverse portfolio of ten sites, most of which are defined as microsities - museums, galleries or heritage sites which offer access to a single narrative through a highly specialised collection. However, microsities<sup>2</sup> offer little motivation for visitors to return and have limited commercial potential as a result. Their installations have reached the end of their lifespan and are increasingly irrelevant to younger generations. Visitor numbers are in decline.

This business case proposes that the Heritage Service should shift from its current grant-in-aid model which supports microsities and their traditional forms of heritage and cultural engagement, to a cultural enterprise model, in which the Heritage Service becomes more entrepreneurial in the way it delivers culture-based products and services with an explicit intent to generate a surplus, which is then used to ensure the enterprise's long-term sustainability and development. The intention is to transform the public's perception of the Heritage Service through its offer so that it is seen as the key driver for a more vibrant cultural life in Lincolnshire, rather than *just* being the service which looks after old buildings and artefact collections.

<sup>1</sup> Forecast as of April 2018/19

<sup>2</sup> Lincoln Castle is the exemption as it has created a compelling visitor offer through free to access, paid for entry and a rotating events programme which invites visitors to return often, however it requires investment to ensure it can perform.

### **Developing two new supersites**

By their nature, successful cultural enterprises have to be more audience-focused, creative, relevant, and commercial in their approach, but they also require the right physical spaces to facilitate more diverse programming. We have called these spaces Supersites - heritage sites, galleries or museums that offer multiple experiences, including permanent and temporary exhibition as well as a rotating programme of events, to enable the broadest range of audiences to engage with the widest range of experiences, and which maximises the potential for commercial return.

We propose two Supersites, one at Lincoln Castle and the other at The Collection Museum & Art Gallery (CMAG) which would run under a Freemium business model, offering a small free-to-access offer and a wider commercial offer of temporary exhibitions and events.

To create the CMAG Supersite we propose a range of changes that would reinvent the museum experience completely. The basement would become a 'white cube' gallery to house the Usher art collection, the main gallery would be reconfigured to create a larger temporary and a smaller permanent gallery, and a smaller range of physical changes would help to re-energise the museum. We also propose to retain control of the café operation which is currently operated by Stokes.

Lincoln Castle requires a number of changes to ensure it can perform successfully as a supersite and drive the overall growth of the Heritage Service. These are business as usual, essentially musical chairs, which would see office and learning spaces in the prison block freed up to create more flexible exhibition and event space, while also making better use of the Heritage Skills Centre as a dedicated learning centre for all, rather than just for traditional craft skills for a very small niche.

We also propose to dispose of a number of microsities - Discover Stamford, Gainsborough Old Hall, Usher Gallery, and Ellis, Burgh le Marsh and Alford Mills, which would be administered by third parties. Remaining microsities (MLL, BBMFC and Heckington Mill) will be maintained within the Heritage Service. This will create operational savings and increase the capacity of the service to focus on developing the offer at the two proposed supersites.

### **Cost of capital works**

The cost of this is estimated at approx. £5m with 70-80% expected to be fundraised through HLF, ACE and other funders. LCC's contribution would be £1-1.5m, depending on the final scheme of work agreed. This is very good value for money as it would contribute in large part to the successful delivery of the objectives noted earlier. The proposed changes to Lincoln Castle would be undertaken immediately, but given the process for fundraising and design we expect that CMAG would not reopen as a Supersite until 2023/24.

### **Development of a commercial programme**

Development of an income-generating programme would begin immediately with income being generated through a formalised programme of audience-focused paid-for temporary exhibitions and events, as well as improved café and retail activity from the associated increase in visitor numbers. This would be supported by a wide range of other income-generating initiatives, including an annual pass for both Lincoln Castle and The Collection which would substantially drive up ticket yield by offering better value to holders, as well as the development of a range of fundraising, sponsorship and patronage schemes for individuals and businesses. These are now standard across the sector.

### Expected financial performance

The business case proposes that the Heritage Service's income will increase year on year, thus also reducing LCC's contribution year on year, although this would be affected temporarily by the capital work to create the CMAG supersite in 2022/23. This is outlined in the table below and represents a substantial saving to LCC given that the status quo would require a similar commitment as that projected in 2018/19 going forward, probably leading to a situation where further cuts would be required which would impact on the performance of the Heritage Service.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2018/19 <sup>3</sup>	£3,975,809	£3,016,299	£959,510
2019/20	£4,070,308	£3,256,633	£813,658
2020/21	£3,900,743	£3,252,219	£648,524
2021/22	£3,700,319	£3,195,541	£504,778
2022/23	£3,644,094	£3,123,672	£520,421
2023/24	£3,656,911	£3,435,245	£221,666

While the programme outlined in this business case ends in 2023/24, we anticipate that similar performance levels would be maintained from 2024/25 onwards given the investment in supersites.

### Wider impact

Total visitor numbers across the six year programme are 2.75million under the Supersite model compared to 2.69million under a status quo model.

Across the proposed schedule the Supersite model delivers a marginally higher return for both Tourism Impact (1%) and Wider Economic Impact (0.5%) than the status quo; however in 2023/24 under the first full year following the opening of CMAG under the Supersite Model Tourism Impact is 8.5% greater than the Status Quo, while the Wider Economic Impact is 7.3%.

A DCMS model has been used to calculate Health & wellbeing savings on NHS services due to the reduced likelihood of GP visits and psychotherapy services following engagement with culture & heritage. As with the economic impact assessment, the Supersite model delivers marginally more (0.4%) combined Health & Wellbeing savings than the Status Quo model; however, in 2023/24 the savings are 7.5% more than the same year in the Status Quo model.

### Management approach

All work would be undertaken using LCC's own project and programme management methodologies, and which already includes a dedicated programme board. However, we also propose a new advisory board for the Heritage Service comprising a range of sector-specific expertise to ensure that the service remains focused on its audiences and is supported in its development.

It is likely that an organisational restructure of the Heritage Service would take place in order to redistribute resources to reflect the needs of a cultural enterprise, but also to ensure that required areas of expertise are introduced into the service and support the cultural change journey that must take place. However, it should be noted staffing budgets would not exceed those outlined in this

<sup>3</sup> Forecast as of November 2018/19

business case. As with all organisational change at LCC, any proposed change in the Heritage Service would be undertaken in partnership with HR using LCC's Organisation Design Toolkit.

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## Introduction

Following engagement with the Commercial Team, it was agreed that a Detailed Business Case was required for the Future of the Heritage Service programme and it was agreed that this would follow the Treasury's Green Book approach.

The Treasury Green Book methodology<sup>4</sup> is the UK Government's approved approach for appraising and evaluating policies, projects and programmes. It is considered best practice around the world in ensuring good value for public money invested in policies, projects or programmes.

This methodology proposes the creation of up to five different documents which take an idea from initial development through to a Full Business Case (or Business Justification for smaller investments). During the course of this process for development of a policy, project or programme, a number of options are assessed in an Outline Business Case (OBC), followed by a Detailed Business Case (DBC) which focuses on the single preferred option agreed during the OBC decision-making process.

Both the OBC and DBC use a five business case approach which offers a 360 degree assessment of the policy, project or programme. It is laid out as follows:

1. Strategic Case – This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme. It seeks to answer questions about the drivers for change for the proposed operation.
2. Economic Case – This sets out how value for money will be optimised given the required investment. It seeks to answer questions around value for money given the investment required to deliver the proposed operation.
3. Commercial Case – This sets out how the policy, project or programme will operate in delivery mode. It seeks to answer questions around the suggested method of delivery of the proposed operation.
4. Financial Case – This highlights likely funding and affordability issues and the potential balance sheet. It seeks to answer questions around the viability of the proposed financials to deliver the proposed operation.
5. Management Case – This demonstrates that the scheme is achievable and can be delivered successfully in accordance with accepted best practice. It seeks to answer questions around how the proposed operation will be managed.

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<sup>4</sup> See <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>



## **Key Definitions**

A number of terms are used in this business case in order to help describe the Heritage Service's transformation. These have been noted below for convenience.

### **Microsite**

A museum, gallery or heritage site which offers access to a single narrative through a highly specialised collection.

### **Supersite**

A heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events, which enables the broadest range of audiences to engage with the widest range of experiences, and which maximises the potential for commercial return.

### **Cultural Enterprise**

A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are then used to ensure the enterprise's long-term sustainability and development. A Cultural Enterprise requires a culture of creativity, commercialisation and medium risk-taking.

### **Business Model**

A business model describes the rationale of how an organisation creates, delivers, and captures value.

Building successful business models is an integral component of developing a successful strategy as it details the resources required to deliver a specific value proposition and the income that must be derived from such activity to ensure long-term sustainability.

### **Value Proposition**

A value proposition describes the benefits customers can expect from your products and services. A value proposition can also apply to an entire organisation, either whole or in part, or particular audience segments.

Together with business model design, value proposition design is an integral part of successful strategic development because satisfying customers is the source of sustainable business models.

## 1 Strategic Case

### 1.1 Introduction

The purpose of the Strategic Case is to demonstrate the spending proposal provides business synergy and strategic fit. It is predicated on a robust and evidence-based case for change which outlines why intervention is required, the scope for change and the proposed outputs and outcomes. As such, it seeks to identify and answer questions about the drivers for change.

This business case looks at the UK's wider economic and political context within the UK, followed by changes within the visitor economy and cultural policy, before providing context for Lincolnshire. A full strategic analysis has then been undertaken on the Heritage Service before making a recommendation on future strategy.

### 1.2 UK economic and political context

Having experienced their highest ever levels of funding in 2009-10, councils in England have since borne the brunt of austerity policies designed to cut the national deficit. This has seen overall government grants to councils cut by 38% and collective council tax revenue fall by 8% between 2009-10 and 2016-17. In response, cuts have been instituted by all councils, and Culture (approx. 40% cut), Libraries (approx. 35% cut) and Planning & Development (approx. 58% cut) have all been particularly affected<sup>5</sup>.

From 2011, regional growth has been stimulated, in part, through the UK Government's city deals (later devolution and growth deals) and to date there are 45 such deals in place. Such deals tend to favour urban areas, however, and there is no growth deal operating in Lincolnshire at present. Work within LCC (and other rural areas) is ongoing to ensure fairer funding and growth policies for rural areas.

The period since 2016 has been dominated by the Brexit referendum and subsequent declaration to leave the EU. This was followed quickly by the development of the UK Government's Industrial Strategy<sup>6</sup>, designed to create a foundation for future growth outside of the EU and also address long-standing structural challenges to the UK economy, which also contributed to the dissatisfaction with the status quo and the EU referendum result. The strategy has five pillars; Ideas – *the world's most innovative economy*, People – *good jobs and greater earning power for all*, Infrastructure – *a major upgrade to the UK's infrastructure*, Business environment – *the best place to start and grow a business*, and Places – *prosperous communities across the UK*.

The national agenda is driven by twin priorities – ongoing financial prudence in local and national government and driving economic growth in the regions.

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<sup>5</sup> See *A time for revolution? British local government finance in the 2010s*, Institute for Fiscal Studies, <https://www.ifs.org.uk/uploads/publications/comms/R121.pdf#page=6>

<sup>6</sup> See *Industrial Strategy: Building a Britain Fit for the Future*, HM Government, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf)

### 1.3 Current growth in the UK's visitor economy

Tourism is one of the UK's great ongoing success stories. It is an exciting, confident and dynamic sector, and one that welcomes visitors from home and abroad who come to experience the best of Great Britain and leave inspired by our unique cultural offer that is the envy of the world. The sector employs 3.1m people across every nation and region and across every local authority, and contributes almost £127bn, equivalent to 9% of GDP. At present, £6.1bn of this is based in the East Midlands, ranking 7<sup>th</sup> of 9 regions, with London, the South East and South West dominating the UK tourism sector.

However, in-line with the industrial strategy and its focus on Place, VisitBritain, the government's body responsible for supporting tourism, has now developed a strategic priority to support the growth of markets outside the traditional tourist powerhouses noted above as part of their sector deal development. As England's competitive advantage in tourism is based on its culture and heritage, this makes Lincoln well-placed to exploit a growing market, especially given that global tourism is set to grow by 3.9% year on year until 2027<sup>7</sup>, the UK's inbound tourism has grown at an average of 6% since 2010<sup>8</sup> and that Lincolnshire's own tourism growth is currently 3% year on year.<sup>9</sup>

### 1.4 Culture and Heritage – UK Policy Context

While the industrial strategy has an economic focus, it's also acknowledged by the UK government that culture and heritage also has a role to play in creating and sustaining economic growth. The mission of the Department for Digital, Culture, Media and Sport (DCMS), for example, is to 'drive growth, enrich lives and promote Britain abroad'<sup>10</sup> by supporting the growth of the creative industries, one of Britain's great economic success stories, and exemplified in such initiatives like the UK City of Culture.

Hull's tenure as UK City of Culture in 2017, for example, attracted almost six million visitors, up from 4.75 million when the award was announced in 2013, but also created 800 new jobs and attracted £220m of investment in the same period. Government investment in the initiative was £15m, representing a substantial return on investment. Evaluation from previous winners in Londonderry and Liverpool suggests that the transformation continues long after the year-long festival has come to an end<sup>11</sup>, indicating that culture and heritage has a key role to play in making places attractive to live in, work, visit, and invest – and therefore in creating and sustaining economic growth.

It's also worth noting the 'heritage premium' as identified by the HLF, which states that those listed buildings occupied by businesses deliver £13,000 GVA<sup>12</sup> per annum than non-listed buildings.<sup>13</sup> Rather than being isolated in the past, heritage has a key role to play in supporting future growth.

Collectively, this approach is referred to as placemaking, a process which capitalises on local assets, inspiration and potential in order to create places that promote a wide range of social and economic

<sup>7</sup> See Travel & Tourism Global Economic Impact & Issues 2017, World Travel & Tourism Council, <https://www.wttc.org/-/media/files/reports/economic-impact-research/2017-documents/global-economic-impact-and-issues-2017.pdf>

<sup>8</sup> See <https://www.visitbritain.org/visitor-economy-facts>

<sup>9</sup> See <https://www.lincolnshirelive.co.uk/news/local-news/tourism-booming-new-figures-show-1919116>

<sup>10</sup> See <https://www.gov.uk/government/organisations/department-for-digital-culture-media-sport>

<sup>11</sup> See Does being UK City of Culture create a lasting legacy?, BBC, <https://www.bbc.co.uk/news/uk-england-43485141>

<sup>12</sup> Gross value added (GVA) is a productivity metric that measures the contribution of a corporate subsidiary, company or municipality to an economy, producer, sector or region. Gross value added provides a dollar value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production. It is important because it contributes to the calculation of Gross Domestic Product (GDP), which is a key indicator of economic wealth.

<sup>13</sup> See New ideas need old buildings, HLF, see <https://www.hlf.org.uk/new-ideas-need-old-buildings>

benefits. As well as delivering a wide range of social impacts, culture's role is shifting toward one of placemaking.

#### 1.4.1 Culture White Paper

The Culture White Paper (2016) sets out the government's ambition and strategy for the cultural sector. This highlights that the role of culture in the UK should be one that is audience-focused, rather than one that is to preserve access for the elite. Its recommendations were:

- Everyone should enjoy the opportunities culture offers, no matter where they start in life;
- The riches of our culture should benefit communities across the country;
- The power of culture can increase our international standing; and
- Cultural investment, resilience and reform.

#### 1.4.2 Mendoza Review of Museums

A recommendation from the Culture White Paper, the Mendoza Review of Museums<sup>14</sup> was the first government-sponsored report into the future of museum development for over a decade. This report recommended the following to help museums develop greater levels of resilience and sustainable business models<sup>15</sup> in the future:

- Adapting to today's funding environment
- Growing and diversifying audiences
- Dynamic collections curation and management
- Contributing to placemaking and local priorities
- Delivering cultural education
- Developing leaders with appropriate skills and diversifying the workforce
- Digital capacity and innovation
- Working internationally

These recommendations have been taken forward by leading government funders including the HLF, ACE, DCMS and also national museums. This opens up the scope for culture and heritage to be more audience-focused, demand-driven and commercial in their approach of delivering wider social and educational objectives and outcomes.

#### 1.4.3 Culture is Digital (2018)

This DCMS report<sup>16</sup> highlighted how culture and technology, two of Britain's competitive advantages, could work together to drive audience engagement, boost the capability of cultural organisations and unleash the creative potential of technology to deliver wider innovation. Its themes were:

- Audiences: Digital experiences are transforming how audiences engage with culture and are driving new forms of cultural participation and practice.
- Skills and the digital capability of cultural organisations: Cultural organisations are increasingly using technology to help them deliver across many areas of their business. Research shows that organisations that benefit most from digital technology are those who are digitally mature.

<sup>14</sup> See The Mendoza Review, published by DCMS, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/673935/The\\_Mendoza\\_Review\\_an\\_independent\\_review\\_of\\_museums\\_in\\_England.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/673935/The_Mendoza_Review_an_independent_review_of_museums_in_England.pdf)

<sup>15</sup> A business model describes the rationale of how an organisation creates, delivers, and captures value.

<sup>16</sup> See [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/687519/TT\\_v4.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/687519/TT_v4.pdf)

- Future Strategy: The UK cultural offer is the key to our soft power, as well as an important source of exports and inward investment. Soft power is most accessible to visitors through tourism.

#### **1.4.4 Statutory duties related to museums**

There are no statutory duties related to the provision or operation of museums for councils. Rather, the Council has a power but not a duty to provide museums and art galleries through the Public Libraries and Museums Act (1964). Other attractions will probably be treated as museum under the 1964 Act but would otherwise be covered by the general power of competence under the Localism Act (2011).

The Council has a wide degree of discretion as to the scope and nature of the services it provides in relation to museums and galleries. Lawfulness will therefore come down to the overall rationality of the proposals based on a combination of considerations including heritage reasons, sustainability and costs, and taking into account mandatory factors such as the Public Sector Equality Duty and consultation views.

However, it should be noted that Arts Council England (ACE) operates a voluntary accredited museum scheme which sets out national standards for museums in the UK. This includes baseline quality standards to support the efficient operation of museums and provide a high quality experience to visitors.

#### **1.4.5 Key national drivers for future cultural provision**

The key national drivers for the future development of culture are as follows:

- Culture and heritage can play a larger role in promoting economic growth through placemaking;
- Everyone, regardless of their age or personal circumstances, should be able to enjoy the benefits of culture and heritage;
- Cultural organisations must adapt to today's economic climate and become more enterprising in their approach;
- Becoming audience-focused is integral to future success;
- Digital helps to create new opportunities for engagement;

## 1.5 Lincolnshire Context

Situated in the region of the East Midlands, Lincolnshire is the second largest county in England by area and 18<sup>th</sup> largest by population (around 750,000 people). Quality of life in Lincolnshire is good overall; property is competitively priced and the cost of living is low, reflecting that average salaries are lower than many parts of the country (approx. 12% lower than the national average).

Key drivers for economic growth include agri-food and manufacturing, and both sectors perform well within the current economic climate, as well as the visitor economy, which while growing, is currently underdeveloped. Substantial growth in the local economy is hampered by the lack of investment in road and rail infrastructure, although ongoing investment continues to deliver progress in these areas. For example, from May 2019 Lincoln would get direct trains to and from London every two hours, an investment which would also see around 20 minutes cut from the average journey time.<sup>17</sup> Such initiatives would directly support growth in the visitor economy and facilitate stronger business relationships.

The county also has two universities, the University of Lincoln and Bishop Grosseteste University, both of which enjoy world-class within their respective specialisms. The county enjoys a wide range of open spaces, including many parks and a designated Area of Outstanding Natural Beauty – the Lincolnshire Wolds, as well as world-class heritage.

### 1.5.1 Greater Lincolnshire LEP

This LEP has identified six sectors which have a competitive advantage and can offer real growth potential. One of these targeted areas is the visitor economy, in particular by strengthening the quality of the visitor experience and improving business performance.

This acknowledges the sizeable contribution of the visitor economy to Lincolnshire which now stands at around £1.9bn per annum across Greater Lincolnshire. The Heritage Service is increasingly recognised as a key driver for the visitor economy.

### 1.5.2 Lincolnshire's heritage

By any standard, Lincolnshire has a rich heritage and there are very few places in the UK that can compete with its range of histories and sense of continuity over time. This stretches from Iron Age settlements through to the Romans, Vikings and Normans, the rise and then slow decline of religious power, key stories from the Tudor era, significant Civil War battles, the Agricultural and Industrial revolutions, and major contributions to the First and Second World Wars. Many major historic figures have originated from Lincolnshire, including Isaac Newton, Margaret Thatcher, George Boole (creator of Boolean logic which is central to computer science), the naturalist Joseph Banks (who was instrumental in the founding of Kew Gardens and the colonisation of Australia), and one of the greatest Victorian poets Alfred, Lord Tennyson. All of this has helped to shape a distinct identity, what is often referred to as the Lincolnshire DNA.

Yet curiously, although heritage may be deeply embedded, perhaps even intrinsically woven into the fabric of Lincolnshire life, it's yet to be fully appreciated by both domestic and inbound tourists, as the county has an underdeveloped visitor economy. This is in part due to the transport challenges that arise out of the rural nature of the county, however there is still work that needs to be done in

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<sup>17</sup> <https://thelincolnite.co.uk/2018/03/11-new-direct-trains-lincoln-london-start-2019/>

telling the stories of Lincolnshire in a way that resonates with local residents but which is also a sufficient attractor to external visitors. Two key questions arise from this discussion; how do we use our heritage to tell a strong story of the distinctive identity of Lincolnshire? And, how can this heritage be leveraged for the county's wider benefit, including delivering against key LCC priorities?

## 1.6 LCC's strategic priorities

Since the onset of austerity, LCC has had to find savings of £245 million<sup>18</sup> to balance its books, and the current financial environment continues to be challenging. Key priorities have reflected this and can broadly be defined as:

- Ongoing emphasis on a wide range of efficiency savings;
- Increasing productivity;
- Strategic investment in service areas that deliver the best value for the public, and
- Investment in those areas which contribute to the growth of the county's wider economy

### 1.6.1 Commercialisation and Commissioning Strategies

Commissioning is the cycle of assessing the needs of people in an area, designing, and then achieving appropriate outcomes based on those needs. The services required to deliver these outcomes may be delivered by the public, private or civil society (a.k.a. third sector) sectors.

This strategy sets out LCC's increasingly commercial approach to service provision, where increasingly the Council sees itself as a commissioner of services whether that be from in-house providers, external contractors, shared services or other similar arrangements. The view is that Commissioning Strategies would ensure;

- the better matching of need and improved services
- the better development of services in accordance with priorities
- better balance between tiers of services e.g. an increase in preventative services
- increased causal connectivity between services and desired outcomes
- better engagement with service users, the market and commissioning partners

In order to balance future budgets the Council needs to embrace commercialisation and the opportunities that presents for both income generation and improved service.

There is significant potential for the Heritage Service to exploit the potential of a commercial approach to service provision, not only to deliver better outcomes for users but also to ensure increased financial sustainability.

### 1.6.2 Community Resilience and Assets Commissioning Strategy

The Community Resilience and Assets Commissioning Strategy (2017-21) sets out how by working together, the Council, communities and partners can make a real difference and have a central role to play in continuing to make Lincolnshire a great place. Its vision – working for a better future – would be realised through:

- Building on our strengths;
- Protecting your lifestyle;
- Ambitious for the future

<sup>18</sup> See [Our Plan For Lincolnshire: the Conservative Group Manifesto for the Lincolnshire County Council elections on Thursday, 4<sup>th</sup> May 2017](#), page 17



**Purpose:**

- Investing in infrastructure and the provision of services
- Commissioning on outcomes based on our communities' needs
- Promoting community wellbeing and resilience;
- Influence, coordinating and supporting other organisations that contribute to the life of Lincolnshire; and
- Making the best use of our resources

There are specific elements of this strategy that are directly relevant to Heritage Services. This refers to two aspects, first through feedback from stakeholders, and second through LCC priorities.

1. Feedback from stakeholders around what they want from their cultural services:
  - Share stories that inspire through engagement with our Heritage sites and collections.
  - Create experiences that put our visitors at the heart of all we do.
  - Value heritage so that it can be enjoyed now and by future generations.
  
2. LCC's five priority areas are noted, together with agreed heritage priorities below these headline priorities:
  - Our citizens are informed and engaged
    - Provide engaging spaces at all our sites, plus an online presence that engages with communities
    - Provide active interpretation of exhibits and other products attached to the history of their local area
  - Citizens who do it for themselves
    - Provide intergenerational opportunities and learning
    - Help individuals to build their confidence, skills and experience
  - Facilitation of the transfer of resource to enable community action
  - Our assets are protected and celebrated
    - Heritage sites and collections are valued and protected so that they can be enjoyed now and by future generations
    - Sites and collections are interpreted so that they are accessible for all audiences
  - Develop a strong sense of place
    - Connect people and places by sharing stories of Lincolnshire that inspire
    - Celebrate the county's history at Heritage Service sites
    - Build a service that has volunteering at its heart

### **1.7 LCC Heritage Service**

The Heritage Service currently manages the visitor experience for a wide range of properties which are noted below:

- Lincoln Castle
- Heritage Skills Centre (inside Lincoln Castle but not part of the core visitor offer)
- The Collection, including Usher Gallery
- Museum of Lincolnshire Life
- Gainsborough Old Hall
- Battle of Britain Memorial Flight Visitor Centre
- Discover Stamford
- A range of windmills including Heckington Mill, Alford Mill, Ellis Mill and Burgh le Marsh



This is a diverse portfolio which, as a whole, tells an unfocused and incomplete story of Lincolnshire, largely as a result of legacy acquisitions and the microsite<sup>19</sup> approach, even if individual experiences are high quality. Overall, the portfolio does not add up to more than the sum of its parts, does not match the rich heritage that Lincolnshire enjoys, or support the long-term financial sustainability of the Heritage Service.

### 1.7.1 Heritage Service – Current Operational Position

A series of papers have informed the Heritage Service's current operational position, responding to priorities within LCC to reduce costs, increase efficiency and create higher quality services, which were announced in Nov 2015 as part of an effort to cut spending by at least £130m.

*Future of the Heritage Service* (04/10/2016 - I010710) placed these proposed changes within LCC's wider strategic context and also highlighted a long list of governance options which could support greater levels of financial self-sustainability while increasing the quality and impact of the public offer. At the time the LCC Executive gave approval to explore ways to reduce the cost of its service while improving and enhancing its public offer and the results of the thinking and research associated with this are represented in this business case.

Since that time the Heritage Service's budget has been reduced over time, as outlined in the table below.

Year	Heritage Service Budget	Heritage Service Income	LCC Contribution
2016/17	£5.5m	£3.0m	£2.5m
2017/18	£5.0m	£3.4m	£1.6m
2018/19	£4.3m	£3.2m	£1.1m

This represents significant progress in meeting LCC's direction to make ongoing efficiency savings and to commercialise the heritage service, particularly with the ongoing success of Lincoln Castle. While this is positive, as it currently stands, the Heritage Service will not generate sufficient income to reduce LCC's contribution and so key questions need to be answered; how can we improve the quality of our offer to engage a wider range of audiences and then create greater levels of sustainability for the Heritage Service as a result?

### 1.7.2 Current Heritage Offer

An overview of the Heritage Service's offer is noted below.

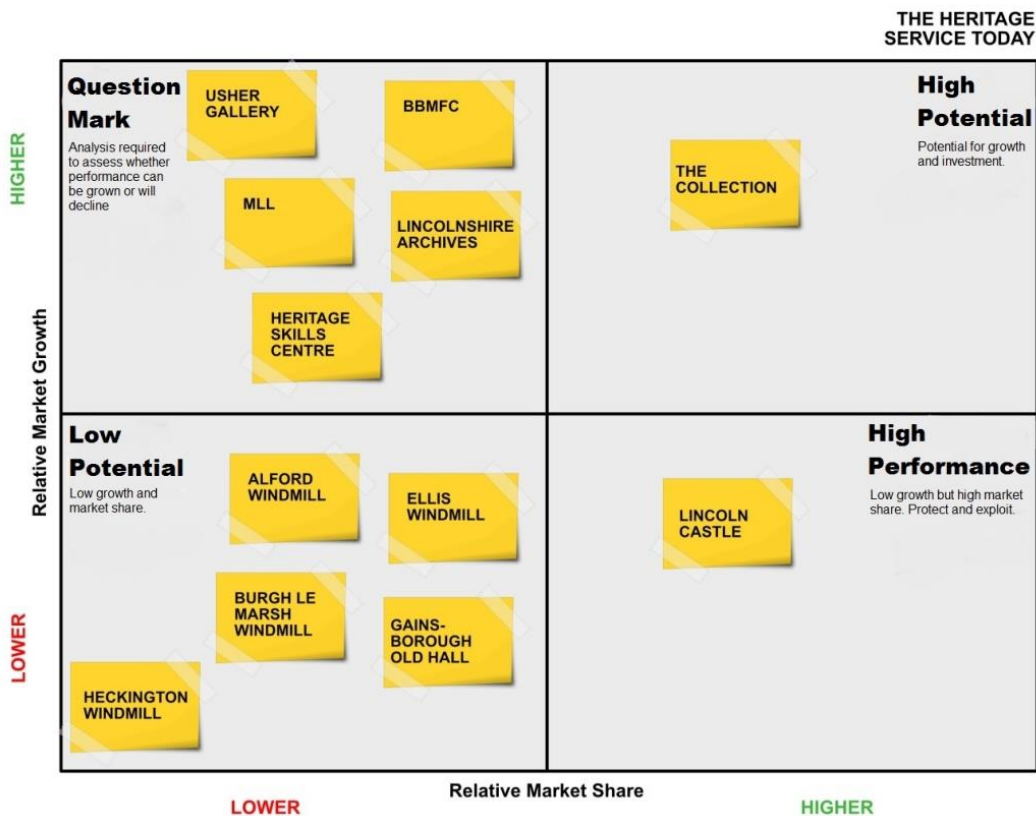
Site	Overview
Lincoln Castle including Heritage Skills Centre	The Castle's performance as a visitor attraction, both financially and as a visitor experience, has impressed since it reopened in 2015. Admissions remain strong and the commercial programme is growing. The Heritage Skills Centre, on site at Lincoln Castle, is tied into a number of funding streams, including from the EU and HLF which will come to an end in 2021/22.

<sup>19</sup> A microsite is broadly defined as a heritage site, gallery or museum which offers a single story or experience.

The Collection	<p>The Collection, which opened in 2005, is a highly regarded space although its permanent installation is now 13 years old and requires updating. Temporary exhibitions are delivered at this site but space limitations reduce its overall capacity to leverage more revenue from this approach. Visitor numbers are now declining and the site is also subject to a punitive rates bill. Internal works would need to be undertaken to create the additional space needed to support a vibrant temporary and ticket-able programme.</p>
Usher Gallery	<p>The Usher Gallery, opened in 1927, and its collection of art and objet d'art were gifted by one of Lincoln's greatest benefactors, James Ward Usher. However, it attracts only 20,000 visitors a year, around 1/6<sup>th</sup> of the total for The Collection. Its visitor experience is also in need of a substantial refresh to reflect a general shift in the way we now engage with art. The building is leased by LCC from City of Lincoln Council and any significant change in the use of the building would require renegotiation with the leaseholder. Around 45% of the art in the collection is owned by City of Lincoln Council with the remainder being loaned to or owned by LCC.</p>
Museum of Lincolnshire Life	<p>Although MLL is situated in a highly distinctive building with listed status, its location and offer limits its ability to attract visitors. The visitor experience is in need of a substantial refresh as there hasn't been investment in the social history displays since the 1980s, although the displays about the Lincolnshire Regiment were installed around 15 years ago. The Butterworth store, which houses substantial number of large items, and Ellis Windmill are also located at MLL.</p>
Gainsborough Old Hall	<p>Although a stunning example of a surviving medieval manor house with some interesting Tudor history, GOH's real importance lies in its architectural legacy, rather than the stories associated with the site.</p> <p>Gainsborough Old Hall's location also means that it does not enjoy a significant number of visitors to make it a strong commercial proposition. The hall is owned by English Heritage and remains within its portfolio, but is leased to LCC. Break clauses exist within the contract which would allow us to reconsider our involvement with the site.</p>
Battle of Britain Memorial Flight Visitor Centre	<p>BBMFC tells a key story for Lincolnshire – that of the Battle of Britain and the role Lincolnshire played in it. The site comprises a hangar with historic aircraft, all of which are owned by the RAF. However, as a result of a lease between LCC and the RAF, a Visitor Centre has been provided (by LCC) which facilitates public access to the site. LCC also manages the provision of volunteer-led guided tours managed by the Heritage Service.</p> <p>Access to the sites is dependent on RAF permissions, and changing MOD priorities may mean that the site and/or access to the planes are moved</p>

	outside of LCC control.
Discover Stamford	<p>Discover Stamford is a small heritage offer in Stamford Library that was adapted from the Stamford Museum that was closed in 2011. There is also a museum objects store in the same site (but not in the same building).</p> <p>There are opportunities to engage with a third party who are interested in the transfer of the collections to their ownership so that they can engage the public. Should that happen it would also facilitate the closure of Discover Stamford which would then be released to the library for their use.</p>
A range of windmills including Heckington Mill, Alford Mill, Ellis Mill and Burgh le Marsh	<p>While the mills represent a substantial period of Lincolnshire's agricultural history, and represent some key innovations in the history of mills, given their respective locations they enjoy much smaller numbers of visitors. Their upkeep, particularly of the sails, can be substantial, which is met by LCC Property Services. Contractual agreements vary and there are opportunities to better engage third parties to operate these locations who are passionately engaged with the mills and their histories.</p>

The following Boston Consulting Group Growth-Share Matrix indicates the current performance of the entire portfolio. This is a planning tool to help organisations decide where investment should take place to support growth.



Key points of analysis:

- At present, only Lincoln Castle is generating surplus income. The others are generally locked into business models which are unsustainable as they currently deliver insufficient income, do not charge for admission, are hampered by substantial running costs, or lack the space needed for income generation.
- In all cases except Lincoln Castle, the visitor experience is outdated, and certainly doesn't work as a means of driving visitors to these sites.
  - The Collection's permanent exhibition has not been changed since 2003 when it opened and MLL's permanent exhibition was opened in the mid-1980s while the Regimental Museum was opened around 15 years ago.
  - Of these sites only The Collection, including the Usher, has the potential for temporary exhibitions that can drive income, but even these spaces are not sufficiently large or flexible enough to be used as a commercial proposition.
  - All in all, there exists little to drive visitors to these sites and even less to encourage them to return even if they have already visited. In other words, they are losing their relevance, and with it, their visitors.

Given this assessment, the status quo is unsustainable. Lincoln Castle is the only high performer and generates a surplus, and while this success is acknowledged, it is insufficient to drive the rest of the service. The foundation of financial sustainability, as with all enterprises, is to create value for its customers. New ideas and approaches are required in order to create relevance, galvanize investment, breathe new life into old sites and their stories, and facilitate greater opportunities to generate commercial income. It is this combination that will increase financial sustainability.

### 1.7.3 Stakeholders

With such a broad portfolio, the Heritage Service has a wide range of internal and external stakeholders, reflecting the wide range of users and the role of culture across multiple sectors of the Lincolnshire economy. Considerable work has been done in order to ascertain our stakeholders and the nature of our relationships with them.

These are summarised as follows. Please note that this is not an exhaustive list but an indication of the breadth of stakeholders with which we engage:

Type of Stakeholder	Examples
Key organisations	Friends of Lincoln Museums and Art Gallery (FLMAG), Lincolnshire Family History Society, Lincoln Cathedral, Survey of Lincoln, Alford Town Council, University of Lincoln, Bishop Grosseteste University, Stamford Town Council, Lincoln Crown Court, Friends of Lincoln Castle, Bailgate Guild, Friends of Old Hall, Usher Trust, English Heritage, Schools in Lincolnshire, Lincoln BIG, Heritage Lincolnshire, Historic Lincoln Trust, West Lindsey District Council, City of Lincoln Council (Usher Gallery & Collection), Society for Lincolnshire History & Archaeology, Lincolnshire Artists Society, Lincolnshire Co-operative, and many others.
Key funders	Heritage Lottery Fund, Arts Council England, David Ross Foundation, Art Fund, Heslam Trust, Lincolnshire Co-operative, Peter Hodgkinson Trust, Headley Trust, and others
Key individuals	Lord Cormack, District Councillors, David Ross, Lord Lieutenant, Liz Bates

Considerable resources are already invested in maintaining good relationships with many individuals and organisations alike and previous engagement with stakeholders took place Nov 2017 – Feb 2018 which has helped to shape the position reflected in this business case. Pre-engagement is already taking place to establish stronger relationships and establish a worthwhile dialogue to help shape the future of the service.

In order to formalise the contribution that key stakeholders can make to the future development of the Heritage Service, we would also be looking to establish an advisory group of senior officials. This is discussed further in the Management Case.

## 1.8 Future Business Strategy

In developing a future business strategy for the heritage service a full strategic analysis has been undertaken. The purpose of this analysis is to ensure that the strategic case fully supports key LCC and national priorities, while also looking at the commercial potential of the service in-line with opportunities to improve the visitor experience.

### 1.8.1 PESTLE – Analysis of the External Environment

The purpose of the PESTLE is to assess the external environment in which activity would take place to ascertain key factors that would contribute to the development of the business strategy. The full PESTLE is in appendix 1A, however headlines are noted below.

Political	The main political driver is placemaking and both culture and heritage have a key role to play in making Lincolnshire a great place to live in, work, visit, and invest, which in turn helps to create more highly paid jobs. Culture and heritage, therefore, has a key role to play in the placemaking and the Heritage Service is one of LCC's key drivers in this process.
Economic	The key LCC driver is to enhance the sustainability of the Heritage Service by reducing its financial investment over time, but also to ensure that the Heritage Service can adapt to delivering a more commercial service. This can be facilitated externally by the ongoing growth of the visitor economy which is forecast to grow by 3.9% until 2027 and is likely to be further enhanced in the UK by the relative weakness of the pound which would increase inbound visitors and persuade domestic visitors to staycation. Taking advantage of this would support a fundamental shift in the Heritage Service's business model.  Capital funding is available from public bodies (ACE, HLF), however it is generally available in smaller amounts and joint-funding is increasingly expected.
Social	Changing engagement trends are increasingly shaping the cultural experience today, which are increasingly narrative-based, experiential and participatory in nature. This is being driven by demographic change and a need to be more audience-focused. Collectively, this reflects a substantial change to the static and passive experiences that have dominated cultural and heritage institutions in the recent past. These approaches would also

	<p>deliver wider social outcomes which are important to wider LCC strategic priorities.</p> <p>Taking advantage of these changes in cultural engagement would support the Heritage Service in substantially improving the visitor experience across its portfolio.</p>
Technological	<p>Increased prevalence of digital technology is creating a wide number of new opportunities for engagement, particularly in the creation of new experiences. Technology also facilitates better ticketing facilities and more focused marketing opportunities, which lend themselves more effectively to commercialisation.</p>
Legal	<p>As previously stated, no statutory duties related to the provision or operation of museums for councils currently exists. Rather, the Council has a power but not a duty to provide museums and art galleries through the Public Libraries and Museums Act (1964) and as such it enjoys a wide degree of discretion as to the scope and nature of the services it provides in relation to museums and galleries.</p> <p>There is also the potential for LCC to face legal challenges if the consultation process is not delivered effectively.</p>
Environmental	<p>A range of environmental and sustainability benefits can be realised through the redevelopment of sites, though these are not going to be drivers for change unless they become legal necessities.</p>

### 1.8.2 SWOT – Internal Analysis of the Heritage Service

The SWOT is designed to assess the competitive position of the Heritage Service in terms of its strengths, weaknesses, opportunities and threats. It sits alongside the PESTLE and highlights areas that would require a renewed focus. The full analysis is available in Appendix 1B; however the key factors from the SWOT analysis are as follows:

- The success of Lincoln Castle Revealed has proved that strategic investment in key cultural initiatives to improve the visitor experience can contribute to greater levels of self-sufficiency for the Heritage Service, wider economic growth for Lincolnshire, and help to make Lincolnshire a more attractive place to live in, work, visit, and invest.
- Setting ambitious goals which tell the under-developed story of Lincolnshire in innovative and exciting ways for our audiences would attract income from funders.
- Focusing on our audience needs, wants and preferences would lead to increased visitor numbers and a greater commercial return.
- Delivering this would require investment in and transformation of the heritage service in order to create an efficient, audience-focused and commercial Cultural Enterprise.<sup>20</sup>
- The status quo is an unsustainable long-term solution. Maintaining a portfolio of disparate sites which offer a patchy experience and are not sufficiently well developed to diversify the

<sup>20</sup> A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are then used to ensure the enterprise's long-term sustainability and development.

offer and attract visitors would lead to further cutbacks and lead to death by a thousand cuts.

### 1.8.3 Porter's Five Forces – Assessing the Competitive Environment

This exercise identifies and assesses the five competitive forces<sup>21</sup> that shape every industry, thus helping to determine its strengths and weaknesses, and ultimately, to inform whether investment in that industry would deliver an appropriate return on investment. Each investment is graded as LOW, MEDIUM or HIGH. The full analysis is in Appendix 1C, however a summary is provided below.

Given that the power of suppliers (funders) is HIGH; this project would require what is often called a BHAG (Big Hairy Audacious Goal) which is aligned to funder's wider priorities, as they would want to see impact for their investment. Also, given the power of customers is HIGH, it would be essential to provide a highly differentiated experience to attract and maintain a more diverse range of audiences. Incremental improvements to the current model that would not substantially improve the visitor experience are unlikely to strike a chord either with funders or audiences, and would not help to deliver a more financially sustainable or resilient Heritage Service.

An investment to deliver a BHAG that would significantly improve the visitor experience would also help to make Lincolnshire a great place to live, work, visit and invest, and would allow Lincoln to compete with York and other major tourist destinations. This BHAG would provide the golden thread that connects Lincoln's distinctive cultural heritage to its visitors through an improved visitor experience provided by the Heritage Service, which can then be used as soft power on a national and international stage.

How this can be achieved given the current portfolio and business model operated by the Heritage Service is discussed in further detail below.

### 1.8.4 Strategies for growth – Building a better business model

There are two main strategies for growth, **Cost leadership** (lowest price products sell more) and **Differentiation** (Products and services that create wider value sell more).

Museums generally mix these approaches, for a number of different reasons. As culture is part of our shared human experience – *it belongs to each of us equally* – it's generally considered that it should be accessible. This usually means delivery free at the point of delivery, paid for through grant-in-aid by the UK Government, either directly or indirectly through a range of public bodies, including DCMS, as well as city or county councils.

At the same time, because museums represent a niche interest, they also offer a highly differentiated experience. However, provision of museum services with such specificity is generally not economically sustainable unless collections are of such relevance that a large customer base is available who are prepared to pay for access, or grant-in-aid to cover costs can be justified.

Lincolnshire's current culture and heritage offer, which is largely based on cost leadership through grant-in-aid which makes culture free at the point of access, is not sustainable because LCC itself is moving toward a more commercial model. However, it needs to be acknowledged that the population of Lincolnshire (including tourists) is not yet large enough to generate commercial

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<sup>21</sup> These are the Threat of new entrants, Power of suppliers, Power of customers, Threat of substitutes, and Competition in the industry.



demand for a differentiated experience based on current displays of our collections. In other words, switching from one business model to another overnight is not sufficient to deliver the requisite increase in commercial value needed to sustain the Heritage Service as it currently exists.

The only way to overcome this is to develop an approach to the delivery of culture and heritage that is based on differentiation and aligned to our audiences and their preferences, and the value it creates for them, rather than a traditional view in which LCC dictates the kind of value that its visitors should generate from their heritage or cultural offer. This approach would ensure that the maximum number of audiences would engage with the widest range of experiences we provide, thus delivering the highest income levels by creating the greatest amount of value for our audiences.

This approach requires the development of a new operating model that:

- Supports the delivery of audience-focused cultural experiences which consistently delight audiences with their quality, diversity and innovation.
- Generates genuine value for a wider range of audiences so that they will want to return often.
- Generates economic value, either directly or indirectly, to financially sustain the service.
- Creates an agile Heritage Service that is efficient, innovative and resilient.

This is most often encapsulated in what is called a Cultural Enterprise - an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are used to ensure the enterprise's long-term sustainability and development.

Facilitating this change to a Cultural Enterprise, then, is the purpose of this business case.

## **1.9 Aims and Objectives for the Future Heritage Service Programme**

Reflecting on the analysis above creates the following investment aim and objective for this programme of work as follows:

### **Key investment aim**

Transform the Heritage Service through the establishment of a Cultural Enterprise that can leverage the full social and economic value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors.

### **Investment Objectives**

IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.

IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.

IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

### **1.9.1 Creating a Heritage FuturePlan as a *Big Hairy Audacious Goal***



The objectives noted above are business-like and are appropriate for a business case but the language is unlikely to fully resonate with the public. To achieve this it is suggested that they be encapsulated within a FuturePlan which can capture the spirit of what we are trying to achieve with the transformation of the Heritage Service. A *Big Hairy Audacious Goal* represents a goal that everyone in LCC, as well as the audiences we serve within the Heritage Service, can get behind and on which resources can be focused.

And by focusing our entire change programme on what our visitors want to see (rather than pushing our collections onto people) we would open up a range of new opportunities about how we can use culture and heritage to engage more people and create wider commercial viability.

For example, a FuturePlan which encapsulates this could look like this:

### **LCC's Heritage FuturePlan**

**Purpose:** An ambitious programme of development to transform LCC's Heritage Service so that it can continue to delight and inspire the public with Lincolnshire's world-class culture and heritage.

**Vision:** To place culture and heritage at the heart of Lincolnshire life.

**Mission:** We help *everyone* explore the story of Lincolnshire, its identity and significance, through its unique geography, history and culture.

Our FuturePlan has four stands:

#### **Strand 1: Investing for the future**

- Creating new spaces for public engagement at our sites
- Transforming the way we tell our stories

#### **Strand 2: Focusing on our audiences**

- Improving and diversifying the visitor experience
- Delivering experiences that are relevant to everyone

#### **Strand 3: Transforming the way we work**

- Increasing our resilience by developing our commercial acumen
- Becoming more agile and efficient as a service

#### **Strand 4: Supporting LCC's ambitions for Lincolnshire**

- Helping to make Lincolnshire a great place to live in, work, and invest
- Supporting growth in the visitor economy

This FuturePlan gives a clear indication of direction of travel:

Lincolnshire has strong cultural foundations and a rich heritage and many people have benefited (and continue to benefit) from the investment we have made in our Heritage Service. But we also recognise that over time preferences for cultural engagement change and that looking ahead we need to find new ways to remain relevant so that we can continue to delight and inspire our audiences.

We need to challenge ourselves to make sure that the way we deliver culture and heritage at LCC is both sustainable and resilient. This means investing in our spaces so that we can make culture and heritage accessible, engaging, and inspiring for everyone, from those who have visited museums many times before to those who have not yet been enthralled by the stories of our shared heritage, as well as everyone in between. But it also means changing the way we work, becoming more audience-focused to ensure that culture and heritage resonates with the young and old, working more efficiently to deliver better value for money, and becoming more commercial in our outlook to increase the sustainability of our service.

That's why our FuturePlan is important and with the right level of support and investment we can make that a reality.

### **1.9.2 Transforming the way we tell our stories: Introducing the Lincolnshire DNA**

Recent work by the Cultural Management Team (CMT) and supported by wider members of the Heritage Service has developed a clear narrative that would inform the stories that we tell at each site and collectively across the service. We call this the Lincolnshire DNA and at its heart it is the story of the people that have lived in, visited or worked in Lincolnshire, the impact they have had, and how that has shaped Lincolnshire, the UK and the wider world, and how that resonates with our lives today.

The purpose of this framework is to narrow down the range of available stories, offering Lincolnshire's heritage in audience-friendly, accessible, significant, relevant and where appropriate, drama-filled, ways, but to do so in such a way that they resonate with our audiences. To make the Lincolnshire DNA accessible we have developed three<sup>22</sup> themes:

**Influence:** the stories of how Lincolnshire's institutions and notable (and notorious) residents have shaped the county and influenced the UK and the wider world. Key stories are:

- Lincolnshire Explorers
- Sir Joseph Banks sailed with Captain Cook on The Endeavour to 'discover' Australia (1768 – 1771)
- Matthew Flinders was the first to circumnavigate the Australian mainland (1802-03)
- Sir John Franklin's efforts to uncover the North West Passage (1845)
- John Smith and the founding of Jamestown in the New World (1607)
- Alfred, Lord Tennyson – Poet Laureate and one of the greatest Victorian writers
- Baroness Margaret Thatcher – First female Prime Minister and the longest serving Prime Minister for over 150 years.
- Magna Carta – a great symbol of English law and the limitations of Royal power
- Sir William Cecil – Elizabeth I's Chief Councillor and the power behind the throne
- Religious dissenters – The Mayflower pilgrims and Lincolnshire Rising (1536)
- Great songwriters – Bernie Taupin and Rod Temperton who ruled the radio airwaves in the 1970s and 1980s
- Mint in Lincoln – the economic edge of royal power pre and post Norman invasion

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<sup>22</sup> There's a case to be made that this headings could be widened – for example, Leadership, Power & Influence; Ideas, Innovation & Impact; and Invasion, Migration & Change. Such an approach would widen out the range of stories that can be told and with greater nuance to reflect the strengths of the collection and audience segmentation.

**Innovation:** the stories of innovation that have originated in Lincolnshire, from the stone age through to the agricultural, industrial and digital revolutions.

Key stories are:

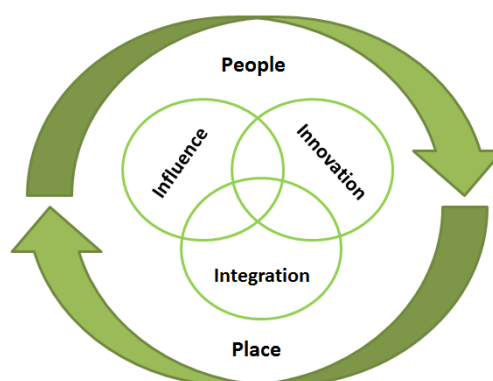
- George Boole – creator of Boolean logic which is key to the development of computer programming.
- Sir Isaac Newton – one of the founding fathers of Physics, the Master of the Mint at the Tower of London and the scourge of coin counterfeiters.
- Agricultural – long history of increase in productivity in agriculture to feed a growing nation, from the agricultural revolution, to the proliferation of windmills across the county, and from the industrialisation of food production in the 19<sup>th</sup> century through to GM crops in the late 20<sup>th</sup> century.
- Military – the development of the tank during WW1, and the crucial role of the RAF in the Battle of Britain and beyond.
- Industrial – the growth of the steam train industry and how it dominated Lincolnshire industry in the 19<sup>th</sup> century.
- Inward innovation from the Romans and Vikings, for whom both Lincoln was a key strategic town to support wider colonial ambitions.

**Integration:** the stories of invasion, migration and integration that have brought significant change to Lincolnshire and the wider world.

Key stories are:

- Stone age settlers and their early migration to what would become Lincolnshire some 250,000 years ago. This is the start of a key story, one of continuity amid radical change and why we are drawn to the idea of place.
- Roman Lincoln was a key city of the Roman Empire and connected London to York.
- The Anglo-Saxon kingdom of Lindsey, its transition into Mercia.
- The Viking invasion which began in AD865 and the later establishment of Danelaw.
- The Norman invasion and the building of Lincoln Castle.
- First and Second World Wars and the Lincolnshire experience.
- Long story of economic migration, including Jewish communities, Huguenot refugees, the Dutch in the 17<sup>th</sup> century through to the economic migration of the 21<sup>st</sup> centuries.

As a diagram, the Lincolnshire DNA can be represented as follows:



**The Lincolnshire DNA**

### 1.9.3 Redefining the Heritage Service as a Cultural Enterprise

A Cultural Enterprise is an entrepreneurial organisation that delivers culture-based products and services to generate a profit (or a surplus if a not-for-profit or public body) which are used to ensure the enterprise's long-term sustainability and development. It has two main characteristics:

1. A cultural enterprise creates products and services (such as exhibitions, festivals, events, programmes, etc.) based on arts, culture, heritage, etc., which are delivered either onsite at a museum, gallery or heritage site, offsite within a community setting, or online through digital engagement. These products or services deliver a wide range of social outcomes and other impact factors as detailed by the enterprise and its sponsors.
2. A cultural enterprise also seeks to generate a profit (or a surplus if it's a not-for-profit or public institution), from their activity, which is then used to sustain and further develop the enterprise.

If the first characteristic is common to all cultural organisations, the second is not. Indeed, like most cultural organisations, LCC's Heritage Service currently deviates from a cultural enterprise in the second characteristic, as LCC provides grant-in-aid to run the service and any income is largely seen as a bonus, rather than as a means of sustaining and developing the service so that it can expand its impact.

The success of a cultural enterprise is based on its ability to create a range of products and services that have such a compelling value proposition<sup>23</sup> that they can continually generate sufficient revenue through the associated business model that the enterprise can be sustained and developed.

This doesn't necessarily mean that a charge is attached to every public-facing initiative; income could be derived from any combination of sponsorship, grant-in-aid, fundraising, retail or café activity, admissions income, or any other appropriate source. However, it does mean that the service needs to reassess the kind of value it creates for its audiences and how income can be derived directly or indirectly from that value.

It follows that if the Heritage Service is to succeed as a cultural enterprise it must be able to continually deliver a sufficient range of differentiated experiences so that a wider range of audiences will be prepared to pay for its services. This places an explicit emphasis on developing an unrelenting focus on audiences, improving and diversifying the visitor experience, and investing in new experiences at our sites.

### 1.9.4 Creating two Supersites to support the Cultural Enterprise model

At present, almost all LCC's heritage portfolio can be defined as a microsite – a museum, gallery or heritage site which offers access to a single narrative through a highly specialised collection. While the individual experience may be of a good quality, over time there is no compelling reason to return, leading to a decline in visitor numbers. While sites with this model have merits, they are difficult to maintain in a Cultural Enterprise model because they are not typically operated on a self-financing model, and the only opportunities for commercialisation are then directly linked to visitor numbers, usually in the form of a café and/or retail activity.

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<sup>23</sup> A value proposition describes the benefits customers can expect from your products and services.

Shifting toward a cultural enterprise model requires the Heritage Service to move away from a microsite model in order to improve and diversify the visitor experience in ways that will unlock the commercial potential of its portfolio. This is embodied in what we have called a Supersite approach.

A supersite is a heritage site, gallery or museum that offers multiple experiences, including both permanent and temporary exhibitions and events, which enables the broadest range of audiences to engage with the widest range of experiences, and which maximises the potential for commercial return.

The Supersite model is designed specifically to facilitate the kind of programme that enables visitors to return often through the provision of a hub and spoke model. In practice this means that a supersite would provide a permanent offer, effectively the hub, as well as a rotating programme of high quality temporary exhibitions and events, effectively the spokes, which diversify and improve the visitor experience and support the development of commercial revenue streams. A Supersite would also have an individual identity or collections focus, providing complementary approaches so that sites don't compete with each other.

The permanent offer at each Supersite would be based on the Lincolnshire DNA framework, providing an engaging and inspiring story of Lincolnshire and how it has evolved over time – helping Lincolnshire residents to understand how the county has developed its unique identity and offering a distinctive experience for visitors from outside the county to engage with its culture and heritage.

However, each supersite would also deliver a series of temporary exhibitions, events and experiences – effectively the spokes for each hub – across the year. These temporary exhibitions would empower the Heritage Service to deliver a wide range of new experiences that have a contemporary resonance, are designed to engage specific audiences, or which facilitate the display of the best of the UK's rich culture to be on display in Lincoln through the use of travelling exhibitions.

The market for temporary exhibition providers is growing in the UK and internationally, including from national portfolio museums. This is discussed in some detail in the Commercial Case (Section 3.5); however it should also be noted that the Heritage Service already has experience in developing its own temporary exhibitions and partnering with other institutions to hire temporary exhibitions, so this approach builds on existing experience.

Given the diversity of offers and larger audience base that can be delivered at Supersites, more commercial opportunities also exist. This creates greater potential for increased ticketing revenue, either through single tickets or a membership scheme, as well as higher levels of café and retail activity, and so on. Naturally, delivering this programme requires each supersite to have both permanent and temporary exhibition space, and also requires the Heritage Service to develop a range of other commercial activities (detailed in the Commercial Case), in order to ensure long-term sustainability.

This approach is audience-focused because the financial sustainability of the Heritage Service is linked to increasing the number of visitors. As a result, it will force us to diversify our offer, engage a wider range of audiences, deliver the widest range of health and wellbeing outcomes, and work more commercially.

We believe that the Supersite approach will also protect the integrity and authenticity of our sites and their collections because it requires us to ensure that our offer is constantly refined and made relevant for our audiences.

We are proposing to create two supersites at the following locations:

- Supersite 1: Lincoln Castle
- Supersite 2: The Collection Museum & Art Gallery

#### **1.9.4.1 Supersite 1: Lincoln Castle**

The identity of Lincoln Castle would be characterised as follows:

- Experiential – immersed in heritage
- History where it happened... and which still resonates today
- A world-leading visitor attraction that offers a great day out

Lincoln Castle<sup>24</sup> should be viewed as a successful pilot of the supersite model. It exemplifies the experience of 'history where it happened', offering a great day out that creates memories for all who visit, and has been a huge success since it reopened. However, given that it must now act as the high performer for the Heritage Service, additional targeted investment is required in order to ensure that it can deliver more to support a successful Cultural Enterprise model.

At present there is more space dedicated to the Learning programme (for schools) than there is to the general public. While Learning (for schools) should and always will remain a core part of our service, the use of such extensive premium space does not support the wider income-generating programme of exhibitions, events and commercial hire which is necessary to support the Cultural Enterprise, as at present temporary exhibitions must share the space with the main story in the prison. This limits the scope of our exhibitions and also dilutes the prison story.

In order to create a more commercially successful Lincoln Castle and support the learning programme we propose to make changes in the Heritage Skills Centre and Prison Block.

#### **Heritage Skills Centre**

This is an underutilised space and the level of custom for such niche activity cannot support the associated staffing and facilities costs. We propose to make minor changes to the existing workshop and gallery spaces in order to make them suitable for all learning audiences, creating a dedicated learning centre with 270m<sup>2</sup> of workshop space.

We propose that Learning then use these spaces in order to deliver an amended programme, while also supporting the heritage skills programme as appropriate. Such a space also expands the scope of what the Learning programme can achieve, creating greater opportunities for innovation to respond to support local schools.

#### **Prison Block**

We propose to create additional exhibition space on the first and second floors of the prison block by converting current Learning and office space to create up to 180 m<sup>2</sup> of premium space that can be used flexibly, either for exhibitions, events or commercial hire.

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<sup>24</sup> A full description and images to reflect the Lincoln Castle Supersite can be found in Appendix 1D.

### **Crown Court**

Lincoln Crown Court utilises a building with the environs of Lincoln Castle. Our long-term ambition is to be able to use this space which would create more opportunities for visitor engagement and increase the castle's commercial viability. However, we also understand that any plans for the change of use of this space are subject to the decisions of a wide number of stakeholders and so we do not anticipate that it would become available within this scheme of work.

We expect this range of changes to be able to support an incremental growth in visitor numbers that is outlined in the Commercial Case (Section 3.11) and represented within the Financial Case (Section 4.3.1).

#### **1.9.4.2 Supersite 2: The Collection Museum & Art Gallery**

The Collection is a well-regarded museum and striking architectural space but its current exhibitions and spaces do not offer the flexibility required to support the Cultural Enterprise model. As with Lincoln Castle, a number of changes are required, including updating the concept of the museum and a number of physical changes to the building that will convert it into a genuine Supersite.

The identity of The Collection Museum & Art Gallery would be characterised as:

- A first-class museum experience – a classic object-focused museum with a contemporary twist in a stunning piece of contemporary architecture.
- A new permanent exhibition that displays the best of our art and archaeology collections, telling a much more refined and engaging story about the history of Lincoln and/or Lincolnshire.
- A rotating programme of exhibitions that bring the best experiences to Lincoln from the UK's national museums and collections.

A full description of the proposed concept for The Collection Museum & Art Gallery (CMAG) can be found in Appendix 1E, however creating this supersite would necessitate the closure of the Usher Gallery and the installation of its collection within a new gallery at The Collection. Although a listed building with a strong local resonance, it has inherent drawbacks. These include:

- It is not flexible enough as a space. The way we engage with art has been transformed in the last 92 years since the Usher Gallery was opened and the gallery is increasingly unable to house the kind of exhibitions that we would want to display and which would resonate with wider audiences.
- It is not popular with visitors. Although the Usher has some passionate advocates the gallery enjoys a significantly smaller number of visitors compared to The Collection (20,000 compared to 120,000). Its displays do not, therefore, serve the wider public.
- It is expensive to maintain. As a separate site it incurs costs of around 100k per annum in staff, business rates and utilities.

To create a new Supersite at The Collection Museum & Art Gallery we propose a number of changes that would significantly alter how we use that space in order to improve and diversify the visitor experience and maximise commercial opportunities. These include:

- Creation of new space in the basement in order to accommodate the Usher Collection, including using the current staff offices. This would give the Usher collection a new contemporary home of approx. 500m<sup>2</sup> that befits its status.



- Reconfiguration of galleries on the ground floor to create space for a smaller permanent gallery (333m<sup>2</sup>) and a larger temporary gallery (500m<sup>2</sup>) to support a three season programme of exhibitions.<sup>25</sup>
- A new permanent exhibition which offers a focused narrative of key themes and stories highlighted within the Lincolnshire DNA, rather than the current chronological approach.
- A redesign of the Orientation Hall to make it a more welcoming and purposeful space. This would also include the installation of 'wow!' objects and moving the ticket/reception into this space.
- Closing in the external courtyard to allow for more private events and for the safe install of large-scale objects.
- Retaining control of the café which is currently run by Stokes.
- A wider reassessment of all other spaces in the museum, including the Auditorium, Mezzanine, Courtyard Gallery and the current play area next to the entrance, to ensure that the permanent collection gets enough space, as well as the Learning programme and staff offices. Because of the use of glass in some of these spaces, significant and expensive intervention is required in order to bring them up to required standards for museums display.

We expect this range of changes to have a transformative impact on the museum's performance by driving as it will fundamentally change the nature of the space and improve its commercial potential. The impact of these changes is discussed in more detail in the Commercial Case (Section 3.11) and represented within the Financial Case (Section 4.3.1).

### 1.10 Proposed Heritage Service Portfolio

As well as the two stated Supersites at Lincoln Castle, Collection Museum & Art Gallery, we also propose to maintain three other unique microsites that will further support our strategy to improve the visitor experience and tell a more relevant range of stories through the Lincolnshire DNA framework. These are:

- Battle of Britain Memorial Flight Visitor Centre (BBMFC) would be retained because of the importance of aviation to the Lincolnshire DNA and the unique nature of the exhibits which cannot be exhibited in any of the supersites.
- Heckington Windmill would be retained because of its importance to the story of agriculture forming part of the Lincolnshire DNA and again its uniqueness as an 8-sailed windmill which could not be exhibited in any other way.
- The Museum of Lincolnshire Life (MLL) would be retained as it tells an important story about the social history of Lincolnshire. This site has the potential for future development in another phase of the FuturePlan.

This would create the following public facing offer:

Supersites	Microsites
Lincoln Castle	BBMFC
The Collection Museum & Gallery	Heckington Windmill
	MLL

<sup>25</sup> See section 3.5 for more detail about the market for temporary exhibitions.



The impact on our offer would be as follows:

Site	Proposed status	Comments
BBMFC	Maintain	As previously stated, this would remain within our portfolio as it is a key Lincolnshire DNA story.
Heckington Mill	Maintain	As previously stated, this would remain within our portfolio as it is a key Lincolnshire DNA story.
Alford Mill	Disposal	There is potential for this to be transferred to the control of a third party in order to manage it. The intention is that the site would still remain open to the public.
Gainsborough Old Hall	Disposal	Given that it represents a nationwide architectural story rather than a core Lincolnshire DNA story, we propose to dispose of the property in line with our current contract with English Heritage, who has expressed an interest in returning the site to their portfolio. It is expected that GOH would remain open to the public should a transfer of operational ownership take place.
Burgh le Marsh Mill	Disposal	Burgh le Marsh is currently run by a third party and we would work with them to ensure they can manage the site efficiently and effectively, while keeping it open to the public.
Ellis Mill	Maintain	A number of surveys are being undertaken to better understand alternate uses and/or its potential for disposal.
Discover Stamford	Disposal	A third party has expressed an interest in integrating displays into their own buildings to make them accessible to the public. This process would transfer collections to that group and return spaces to the Stamford Library for their own use.
MLL	Maintain	MLL would be retained as it is at present - a social history museum. Its development would be considered in another phase of the FuturePlan.
Usher Gallery	Repurpose	The Usher Gallery would be closed as a gallery but would remain within LCC as it could potentially be used by other departments with a public-facing role. This would require a renegotiation of the lease with City of Lincoln Council, but it's likely that some art would still be displayed to meet leasing conditions. The art collection itself would be displayed in The Collection Museum & Gallery Supersite.

Lincoln Castle	Maintain	Already developed as a supersite, we would seek to reconfigure use of space (see section 1.9.4.1) to improve the visitor offer to maximise engagement and income potential.
Heritage Skills Centre	Maintain	We are committed to a programme of delivery until the end of 2021/22 but as previously indicated we intend to make better use of the workshop spaces to support the growth potential of the castle.
The Collection Museum	Redevelop	As previously outlined (see Section 1.9.4.2), in order to leverage its potential as a supersite The Collection would need redevelopment in order to create additional display space to support a temporary exhibition programme and house the Usher collection. We propose to pilot certain approaches to learn more about its potential in the interim.

Assuming this scheme of work goes ahead, we would expect the Heritage Portfolio to perform in the following categories as detailed in a new Boston Consulting Group Growth-Share Matrix, building long-term capacity to improve the offer and increase income generation to support the investment aim and objectives as stated above.



Key points of analysis are as follows:

- Crucially, both Lincoln Castle and The Collection Museum & Gallery Supersites offer the opportunity to unlock greater levels of audience impact and commercialisation in the future.

- Lincoln Castle remains the high performer and protecting and growing this revenue stream is integral to achieving all four investment objectives.
- The Collection Museum & Art Gallery will require investment in order to unlock its full potential.
- MLL has potential for redevelopment, however further work would be needed in order to ascertain future direction of travel under another phase of the FuturePlan. In the interim, it can be maintained as is.
- While the growth potential at both Heckington Mill and BBMFC are limited, the stories they represent are integral to the Lincolnshire DNA concept and can be maintained with a small financial outlay.
- The Heritage Skills Centre is locked into funding agreements and is out of scope for this business case; however we have proposed to use it more widely as a learning space to ensure that we're getting more value from this space.
- Further work and discussion will be necessary to assist in the development of an interpretation strategy that helps identify those stories and core collections which are key to Lincolnshire's DNA. This will include collections that are currently on display or are stored from our art, archaeology, and social history collections.

#### 1.10.1 Ensuring a service for the whole of Lincolnshire

Given that both supersites will be located in Lincoln, we are also putting measures in place to ensure that the service is able to support wider cultural and heritage engagement across Lincolnshire.

The Heritage Service already plays a strategic leadership role within the County and supports the delivery of three key themes across Lincolnshire directly aligned to the Lincolnshire Cultural Strategy:

1. Inspiring Children and Young People,
2. Growing Participation, Engagement and
3. Wellbeing, and Strengthening Communities and Places.

To further develop their delivery around these themes, the Heritage Service will work with stakeholders to deliver SMART outcomes. These can already be evidenced through the Community Resilience and Assets Commissioning Plan where, in partnership with LCC's Community Engagement Team, priorities have been given to *Our Citizens are informed and engaged*, *Our Citizens do it for themselves*, *Our assets are protected and celebrated*, and *Development of a strong sense of place*. The Heritage Service will continue to work in partnership with other heritage organisations across the County, including strengthening our strategic partnerships with Lincoln University. These partnerships will help to strengthen the impact of our outcomes and ensure we remain connected with the wider heritage community.

The Heritage Service, in support of and in partnership with, Destination Management Organisations (DMOs) will look at the development of a new web portal promoting the county's heritage, signposting visitors to the rich culture and heritage offer we will be providing.

The supersites will continue the development of a national profile permanent and temporary (events and exhibitions) offer, bringing visitors to the county through the highest quality profiling of sites and activity, increasing the critical mass of attraction to the county.

The opportunity to develop a Community Museum hub, building on the successful Library Hub model will be explored, delivering a framework for broader engagement involving communities in decision making and provision of the heritage offer.

To assist Community Hub Museums, as well as other community organisations such as libraries, local history societies, village halls and third sector organisations, the Heritage Service will invest in the procurement of temporary display cases. These will provide easier access to its significant collections to help those organisations set up their own temporary exhibitions and displays, as well as encourage the setting up of pop-up museums in other local organisations facilitated by a touring programme of collections. This will also allow collections pertinent to communities to be made publically available.

External funding opportunities would be identified to help facilitate the development of a wider learning & engagement programme. This would include a review of the current loans box offer, development of self-facilitated sessions or support through living history costumed interpreters, as well as a review of our schools programme in order to ensure that we can support. This could include support and/or assistance for schools to develop their own local community history projects that are then displayed at the school in its own temporary 'museum'. Schools could then link this project to other areas of the National curriculum including geography, art etc.

*Lincs to the Past*, delivered through Lincolnshire Archives, already makes our collections digitally available. As part of the service's future digital review, *Lincs to the Past* will also be redeveloped to make it more navigable, improve the search engine, and make more digital content available.

#### **1.10.2 Other heritage-focused work provided by LCC**

The Heritage Service is not the only department that engages the public with heritage. A detailed breakdown is provided in the Appendix 1F, and it should be noted that of all the projects listed only two have a Lincoln focus.

### **1.11 Benefits & risks, constraints & dependencies**

#### **1.11.1 Benefits**

The following benefits are linked to the Investment Objectives:

- Support the long-term sustainability of the Heritage Service by increasing commercial opportunities and supporting the overall efficiency of the service.
- Tell a better story of Lincolnshire's history to residents and visitors alike.
- Improve the visitor experience and the public's engagement with culture.
- Deliver a wider range of social, education and wellbeing outcomes for a wider range of the population, including perceptions of Lincoln and Lincolnshire.
- Increased footfall in Lincoln city centre.
- Increased economic growth in Lincoln by supporting the visitor economy.
- Improve the status of Lincoln across the UK by using culture as a form of soft power on the political stage.

#### **1.11.2 Risks**

The following risks are linked to the Investment Objectives:

Key risks have been identified as follows. (Please note, a separate risk register for the management of the programme of work is also being monitored and is also addressed within the Management Case.)

<b>Risk</b>	<b>Impact</b>	<b>Mitigation</b>
LCC does not want to close Usher Gallery	Limited efficiency savings due to ongoing commitment for Rates, Utilities and Staff costs. Commercial opportunities will offset costs, assuming they can still be delivered.	Usher potentially becomes space for temporary exhibitions but would require additional investment to prepare space. Unlikely to deliver significant commercial return.
LCC does not want to invest in other physical changes at The Collection	Reduced ability to deliver Supersite concept at this site.	Explore potential to remove permanent collection and replace with temporary programme to drive commercial income.
LCC fails to support supersite model	Unable to deliver investment objectives. Likely to result in reduced service provision in other areas in order to make ongoing efficiency savings. Increased reputational risk for LCC as service is reduced.	Heritage Service maintained by cutting costs, leading to long-term decline of the service through ongoing removal of sites from the portfolio. Contractual commitments meant that ceiling of savings is reached within 2-3 years.
LCC supports supersite model but would not invest in concept.	Likely to have short-term impact in the closing of sites to make savings. Reputational risk for LCC.	Fundraising campaign to raise money which would extend the programme by a number of years. Funders unlikely to be persuaded unless LCC is also committing investment.
Loss of sites outside of Lincoln	Lack of LCC visibility in wider visitor economy outside of Lincoln.	Sites outside of Lincoln to be disposed would be kept open by third party. Additional proposals for wider work by Heritage Service in Lincolnshire are noted in section 1.10.2

### 1.11.3 Constraints and dependencies

This is an ambitious programme of work which carries with it a range of constraints and dependencies. Those which are of the greatest significance and would impact on this scheme of work are as follows:

- The successful delivery of this scheme of work is dependent on the development of a commercial programme to generate income (that is described in the Commercial Case and modeled in the Financial Case), as this is the fundamental purpose of the Supersite concept.

Without this, it is likely that the Heritage Service would continue to make cuts for a number of years, which would have a wider impact on Lincolnshire and its visitor economy. The status quo, therefore, is not a sustainable long-term option and another plan would require development if the Supersite concept is not agreed.

- Investment from a range of funders, including LCC, as well as range of potential external funders including HLF, ACE, and a range of other public or private funding streams, is required to support the development of The Collection Museum & Art Gallery Supersite.
- Structural change to the operation of the Heritage Service would be required to support the transition to a commercially-focused programme and to support the wider efficiency of the service. This would result in a reduction of offers and/or the closing of a number of microsites, as well as the development of new areas of staff expertise.
- Cultural change, both inside the council and within the Heritage Service itself is necessary to support the shift toward a commercial enterprise and away from a traditional service-based provision mentality. Without it, commercial opportunities are likely to underperform, which could have an impact on the future sustainability of the service.
- Growth in visitors to the Supersites is, in part, linked to growth in Lincolnshire's visitor economy. It is assumed that other LCC and stakeholder activity would be taking place to support this growth. This could be achieved through more effective Destination Management, or integration of Culture and Heritage activity within wider strategies, for example signage, pedestrian or road cycling strategies, to facilitate an increase in footfall, or strategic initiatives to support the development of a more vibrant evening economy in Lincoln City Centre.

## **1.12 Impact Assessments**

The following impact assessments have been completed as part of this business case.

### **1.12.1 Equality Impact Analysis**

An Equality Impact Analysis has been completed for this scheme of work and is available for consultation, having been produced by members of the Senior Management Team and the Community Engagement Team.

### **1.12.2 Privacy Notice and Data Protection Impact assessment**

In undertaking this scheme of work both a Data Protection Impact Analysis and Privacy Notice Assessment have been assessed and been found to be not applicable to this programme of work.

## **1.13 Conclusions**

Like many County Councils, LCC continues to face significant shortfalls in its budgets and is required to make substantial and ongoing cutbacks, which are challenging the underlying assumptions which have underpinned their particular business model for many years. The council is looking for new way to make efficiency savings, to leverage economies of scale and scope, but also to develop business models that would improve the visitor experience, generate revenue, and improve the long-term sustainability of its services. The Heritage Service is one such area that must respond to this challenge.

This Strategic Case recommends that the Heritage Service should transition to a Cultural Enterprise model. This which would create opportunities for greater long-term growth and sustainability by

developing two Supersites at Lincoln Castle and The Collection Museum & Art Gallery which would deliver a wide range of audience-focused programmes with an increased commercial focus, as well as rationalising the rest of the Heritage Service portfolio in order to create wider efficiency gains. This would mean that the only microsites that we maintain are Heckington Windmill, MLL, and BBMFC, and all others would be disposed.

Investment is required at The Collection in order to unlock its potential as a Supersite but we believe that there is significant potential to generate a significant proportion of the funding required from external sources. This would deliver a new permanent exhibition, bringing it up to date for younger generations, and the development of new, more contemporary spaces for the Usher art collection, as well as new and larger spaces for a commercial programme of temporary exhibitions. This combination would:

- Improve the visitor experience, making our sites more attractive for a wider range of audiences, especially younger generations who want to engage with culture & heritage in ways that are relevant and meaningful to them.
- Deliver increased investment in our culture & heritage assets to ensure that their future is as important as their past.
- Improve the financial sustainability and resilience of the Heritage Service by generating commercial income.

These changes would form part of a scheme of work called LCC's Heritage FuturePlan in order to make it more accessible and communicate its contents to the public.

## 2 Economic Case

The Economic case sets out how value for money would be assessed for the investment required to deliver this project. It seeks to answer questions around value for money given the economic investment required in the proposed operation.<sup>26</sup>

Traditionally, economic investment is assessed through a standardised analysis such as Net Present Value (NPV) or Internal Rate of Return (IRR), measures which emphasize the direct economic return of investment in order to inform decision-making.

While this is an acceptable method for profit-making opportunities, it sits uneasily with investment in culture because such investment is made primarily for social benefit, which is difficult to quantify economically (as a result of market failure). It follows, then, that the use of IRR or NPV alone will present an incomplete picture of the wider market benefits of the provision of culture. As a result, it is important to acknowledge that a number of different approaches are needed in order to properly assess the wider economic return that is generated through investment in culture.

This case, then, is built around exploring the concept of market failure and understanding the other means of measuring economic impact related to investment in culture, namely visitor numbers, Health & Wellbeing impact, as well as Economic Impact which are used to assess the two supersite model when compared with the status quo.

### 2.1 Market failure

Market failure occurs when the allocation of goods and services by a free market is not efficient, which, in turn, leads to a net social welfare loss. In the case of cultural provision, the market undervalues the wider benefits of cultural engagement, leading to underinvestment in culture and an under supply of goods and services; and/or individuals undervaluing the benefits of engagement leading to a socially inefficient level of demand.

Where market failure exists, the market and individuals, acting alone, cannot be relied on to produce a socially optimum level of supply and demand. Public intervention is then required to overcome market failure, which then leads to an increase in overall societal welfare.

The rationale for cultural development is supported by a number of market failures that support the objectives and intended benefits of this programme of works:

- Financial market and information failures
- Equity
- Placemaking, tourism and inward investment

#### 2.1.1 Financial market and information failures

Creative enterprises such as museums and other cultural institutions often find it difficult to raise finance. This is typically for three reasons:

- They do not operate to create a profit but to deliver a range of charitable or other objectives focused on the public good.

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<sup>26</sup> Please note that under the Treasury Green Book methodology all operational financial data is detailed in the Financial Case.



- They are legally constituted in such a way that forbids them from raising capital on the financial markets, or which limits access to such capital.
- Information asymmetry or failure exists so that the wider value of their services is either underestimated or not recognised. This could include both the social benefits cultural institutions create as well as their work in conserving material culture of historic importance. As a result, cultural institutions are unable to commercialise the benefits they create.

This combination makes the economic impact of cultural institutions difficult to measure accurately, even though it is recognised that a lack of investment in culture is likely to lead to a decline in overall societal welfare. For example:

- A socially efficient level of consumption can improve the quality of life for all, and not just those that consume cultural content. Engagement with culture allows groups to improve communication within society by raising the quality of public discourse; it can change the way people think and act, support health, wellbeing and social cohesion, as well as being an important tool for reflecting regional or group identities.
- Information failure may exist. This occurs when individuals do not know that consumption of cultural goods would benefit them (or others), especially if those benefits are only realised in the long run.

Overall, not only does this mean that cultural institutions are unable to readily access finance that they need to innovate and grow, they are also unable to respond to sudden changes in the market that demand efficiency and commercial return. At the same time, they must operate within a business culture in which the wider social value they create is not recognised.

#### **2.1.1.1 Supporting evidence - financial market and information failure**

While registered charities are able to take on debt finance if their articles allow it, the realistic options for acquiring debt finance are limited to specialist financial institutions including BIGInvest, CAF Bank, Charity Bank and Co-operative & Community Finance and the Community Development Finances Association. They will require a track record of income generation and may require physical assets to secure the loan. However, it is likely that those cultural institutions which operate within a local or county council will not be able to access such funds because they have not previously operated under a business model which would generate the track record required.

A growing body of literature exists which has researched how a range of different cultural interventions deliver health and wellbeing outcomes for specific groups, most notably in the 'Creative Health' report<sup>27</sup>, published by the UK Government's All Party Parliamentary Group on Arts, Health and Wellbeing in July 2017. The benefits of cultural engagement which have been evidenced include:

- The impact of the arts on healthcare. This has been evidenced to reduce stress, depression, need for medication and even blood pressure<sup>28</sup> and is estimated to have a cost savings due to reduced likelihood of GP visits and psychotherapy services.<sup>29</sup>

<sup>27</sup> See [http://www.artshealthandwellbeing.org.uk/appg-inquiry/Publications/Creative\\_Health\\_Inquiry\\_Report\\_2017.pdf](http://www.artshealthandwellbeing.org.uk/appg-inquiry/Publications/Creative_Health_Inquiry_Report_2017.pdf)

<sup>28</sup> ACE (2004) cited in Sport Industry Research Centre and Centre for Regional Economic and Social Research (Sheffield Hallam University) and Business of Culture (BOC) (2015), 'A Review of the Social Impacts of Culture and Sport', CASE, March 2015.

<sup>29</sup> Simetrica (2015), '[Further analysis to value the health and educational benefits of sport and culture](#)', DCMS, March 2015.

- Arts Council England’s evidence review ‘*The value of arts and culture to people and society*’, found strong research studies since 2010 about relationships between cultural engagement and educational attainment and later life outcomes.<sup>30</sup>
- Taylor, et al (2015)<sup>31</sup> found the volume of evidence pointed towards a positive relationship between cultural engagement and social capital. The evidence review suggests that arts participation may lead to greater social interaction, enhanced self-esteem and the development of social relationships and networks, which nurture social capital.
- Previous research has found evidence linking engagement in cultural activities to the promotion of pro-social and anti-criminal behaviours, which can contribute to a reduction in the likelihood of re-offending.

### **2.1.2 Equity (inclusive growth and participation)**

Government intervention is justified in the provision of culture because if left to the free market, cultural services are unevenly distributed across the UK, which then leads to uneven rates of cultural participation across different demographics groups and geographical regions.

#### **2.1.2.1 Supporting Evidence – Equity (inclusive growth and participation)**

A regional imbalance of economic investment in culture exists and Arts Council England (ACE) have been criticised in recent years for underinvestment outside of London which resulted in a Commons Select Committee undertaken by DCMS. This resulted in calls for a better redistribution of cultural investment across England where ACE currently invests 40% of its grant-in-aid in London.<sup>32</sup>

#### **2.1.3 Placemaking, tourism and inward investment**

Placemaking represents an active shift forward from traditional approaches to urban design. While these were focused on the provision of and access to services, placemaking represents a multi-faceted approach which capitalises on a local community’s assets, inspiration and potential, with the intention of creating public spaces that promote health, happiness and well-being. This, in turn, also supports economic growth and wider forms of prosperity by making places attractive to visit, work in and to invest.

Placemaking also helps to shape the visitor economy. This is because it is much easier to market the idea of a place, which has a coherent identity, than a single asset within a geographic area. For example, marketing Lincolnshire as a place to relax, enjoy quality food, engage with heritage, enjoy the countryside, etc. is likely to result in a much more significant economic return than marketing Lincoln Castle, or indeed any other destination, as a single asset.

The provision of arts and culture, therefore, plays a key role in placemaking, as it is the tangible evidence of a community that is prosperous, open, engaged and which is able to draw down on the benefits of ongoing cultural engagement to have a positive impact on the health & wellbeing of its residents. It is also a key driver for tourism<sup>33</sup> following the creation of key transport and accommodation infrastructure.

<sup>30</sup> [http://www.artscouncil.org.uk/sites/default/files/download-file/Value\\_arts\\_culture\\_evidence\\_review.pdf](http://www.artscouncil.org.uk/sites/default/files/download-file/Value_arts_culture_evidence_review.pdf)

<sup>31</sup> Varah, Iain and Mark Taylor, Chief Culture and Leisure Officers Association, *The role of culture and leisure in improving health and wellbeing*, 2014

<sup>32</sup> <https://icon.org.uk/news/countries-culture-calls-better-regional-balance-in-arts-funding>

<sup>33</sup> It is worth noting that despite its ubiquity, tourism receives comparatively little direct investment from government, which typically supports tourism through wider investment in infrastructure investment and through the funding of arts and culture. The Tourism sector is

### 2.1.3.1 Supporting evidence – Placemaking, tourism and inward investment

The strongest evidence to support this can be found in Hull and its contrasting fortunes before and after its tenure as UK City of Culture. The successful delivery of this project, which included total direct and indirect UK Government investment of £21m,<sup>34</sup> has proved to be deeply transformative, and proved to be a tipping point in the city's history as post-war decline has started to give way to 21st century prosperity.

- Since 2013, the year of the announcement for Hull's City of Culture in 2017, investment in the region has amounted to £3.3 billion, of which £240m is linked to culture or cultural assets. In both the private and public sector almost 7000 jobs have been created in the city<sup>35</sup>. A number of companies including Smith and Nephew, RB and Croda are investing in research and development facilities at their existing manufacturing plants<sup>36</sup>.
- The city's employment rate is at its highest recorded rate (120,400 of the city's 260,240 population are currently in work) and the number of businesses is at a record high of 6,060, which is 245 more than last year<sup>37</sup>. Additionally, there have been 93 new businesses (start-ups or change of use) in Hull City Centre since 2013 – 74% food and beverage, with over 550 new cultural jobs created.
- In the first three months of 2017 hotel occupancy was up almost 14% on the same period in 2016. Hotel booking are reported to have gone up by almost 80% between July and September 2017 and were 60% higher between April and June 2017 than in the same period the previous year<sup>38</sup>.
- The joint tourism plan for Hull & East Yorkshire is showing positive signs that on the back of UK City of Culture, the value of the visitor economy would exceed £1bn per annum for the first time by 2018/19.
- Over half of the audiences were from Hull with nearly all residents (over 95%) attending at least one cultural activity during the year. The evaluation evidenced a new confidence in local people, with significant increases (+9%) in residents' willingness to take part in a range of cultural and non-cultural activities, including volunteering and sport.<sup>39</sup> This is also clear evidence that the success of such initiatives creates new audiences, rather than just displacing audiences from other attractions.

## 2.2 Economic rationale to support the Future Heritage Service programme

The aim of the section above (2.1) is not only to offer insight into the limitations of traditional forms of assessing the rationale for economic assessment (such as NPV), but also to provide insight into other forms of impact to supplement economic impact which are relevant to the investment aim and objectives for the programme noted below.

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supported by VisitBritain which acts mostly as an information and marketing agency and actually provides little financial support for the growth of tourism product or service.

<sup>34</sup> Direct funding from GOV/Treasury includes: £5m for refurbishment of Hull New Theatre, £8m legacy projects, £1.5m Ferens Gallery refurbishment and Turner Prize staging, and £0.5m to support the cultural programme. Indirect funding includes £3m grant from ACE and £3m grant from HLF.

<sup>35</sup> Source - Hull City Council

<sup>36</sup> Source Hull City Council comments <http://www.hulldailymail.co.uk/news/jobs/14200-jobs-created-hull-city-657342>

<sup>37</sup> Comments by Hull City Councillor <http://www.hulldailymail.co.uk/news/jobs/14200-jobs-created-hull-city-657342>

<sup>38</sup> <http://www.yorkshirepost.co.uk/news/city-of-culture-sends-hotel-bookings-through-the-roof-1-8843655>

<sup>39</sup> <https://www.hull.ac.uk/work-with-us/more/media-centre/news/2018/city-of-culture-evaluation.aspx>

### Key investment aim

Establish a sustainable heritage service that can leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors.

### Investment Objectives

IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.

IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.

IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

We believe that a wider combination of assessments will help to overcome some of the inherent weaknesses of the NPV model which does not take into account market failure and the impact this has on ascertaining a 360 degree assessment of the value of cultural investment.

With that in mind, we propose the following criteria to assess the economic impact:

- LCC contribution to the FuturePlan.
- Visitor numbers – the number of people who will visit our sites.
- Economic Impact Assessment – the tourism and wider economic contribution made by our service.
- Health & Wellbeing Assessment – cost savings due to reduced likelihood of GP visits and psychotherapy service.

We also suggest a number of other criteria going forward in order to retrospectively assess the impact of the service to deliver the investment objectives.

### 2.3 LCC Contribution to the FuturePlan

We estimate the cost for this scheme of work at both CMAG and Lincoln Castle to be £5million, most of which is to fund capital and exhibition installation at CMAG.

We would expect to fundraise for around 70-80% of this figure, which we anticipate would be met from HLF, ACE and other public and private donors. Any expectation to meet 100% of the fundraising goal from external funding sources is unrealistic in today's economic climate, and it would be likely that LCC would have to contribute 20-30% of the total, including cash and in-kind donations. This makes LCC's likely contribution around £1-1.5m.

While it's not possible to provide a Net Present Value figure at the time as we lack a full range of costings and benefits at present, as a headline figure this represents a good return on investment as it will deliver:

- Increased commercial return at Lincoln Castle and CMAG
- New temporary exhibition space created at CMAG
- New art gallery for the Usher collection
- New permanent installation at CMAG
- Better utilisation of existing assets at Lincoln Castle

As such, this investment is crucial to the success of the Cultural Enterprise model and the long-term sustainability of the Heritage Service and the realisation of the other objectives of this scheme of work.

## **2.4 Visitors Numbers**

The success of the Cultural Enterprise model is based on being able to increase the number of visitors to our supersites, which is itself conditional on improving and diversifying the visitor experience. Through this we are able to increase the commercial return and improve financial sustainability.

### **2.4.1 Visitor numbers at Lincoln Castle**

Lincoln Castle has experienced substantial growth in visitors since it reopened in 2015/16. Prior to this visitor numbers were 132,000 in 2013/14 and 107,000 in 2014/15, but jumped to 287,000 in 2015/16. Since this time they have declined to 214,000 in 2016/17 and 195,000 in 2017/18.

This experience is not uncommon across the sector as visits tend to spike in the first year after such projects are finished and then trail off after 2-3 years, which is precisely why additional investment is needed to refresh and diversify the offer. The proposed visitor numbers for Lincoln Castle very much reflect an incremental increase based on the proposed changes as outlined in the Strategic Case (See section 1.9.4.1).

### **2.4.2 Visitor numbers at The Collection Museum & Art Gallery**

Having opened to much fanfare in 2004, visitor numbers at The Collection are now in decline and have fallen from 142,000 (2013/14) to 120,000 (2017/18) and are likely to fall further in 2018/19. This is not surprising given the age of the permanent installation. Indeed, the programme outlined in the Commercial Case is designed to arrest this fall and increase visitor numbers through the provision of temporary exhibitions until the investment to transform it into a Supersite will take place in 2022/23 which is likely to cause a temporary decline in visitor numbers.

As a result, we are expecting that a significant growth in visitor numbers would not be experienced until 2023/24 when the site reopens as The Collection Museum & Art Gallery. The proposed visitor numbers of 175,000 in 2023/24 noted below should be considered a conservative estimate, and could actually be higher, taking into account the explosive growth at Lincoln Castle following its reopening in 2015 (see section 2.4.1 above).

### **2.4.3 Visitor numbers at other sites**

For the purposes of this business case we are expecting little change in visitor numbers at other sites which is reflected in the data below.

### **2.4.4 Comparative Total Visitor Numbers 2018/19 – 2023/24 – Supersite vs. Status Quo**

Proposed comparative visitor figures for the new proposed portfolio for the Cultural Enterprise model for the Heritage Service are provided below, together with a line graph on the following page which better details a site by site comparison. Full details for Visitor Numbers can be found in Appendix 2A.

Heritage Service - Comparative Visitor Figures of Key Sites - Supersite Model (2018/19 - 2023/24)

Financial Year	LCC Contribution to Heritage Service	Total Visitors	LCC Contribution per visitor	Lincoln Castle (Supersite)	The Collection (Supersite)	MLL (Microsite)	BBMFC (Microsite)	GOH (Microsite)
2018/19	£959,510	448,000	£2.14	195,000	120,000	70,000	33,000	30,000
2019/20	£813,675	463,000	£1.76	201,000	130,000	71,000	32,000	29,000
2020/21	£648,524	459,000	£1.41	207,000	135,000	68,000	33,000	16,000
2021/22	£514,778	455,000	£1.13	213,000	140,000	68,000	34,000	
2022/23	£520,421	421,000	£1.24	219,000	100,000	69,000	33,000	
2023/24	£221,666	503,000	£0.44	226,000	175,000	68,000	34,000	
<b>Total</b>	<b>£3,678,574</b>	<b>2,749,000</b>	<b>£1.34</b>	<b>1,261,000</b>	<b>800,000</b>	<b>414,000</b>	<b>199,000</b>	<b>75,000</b>

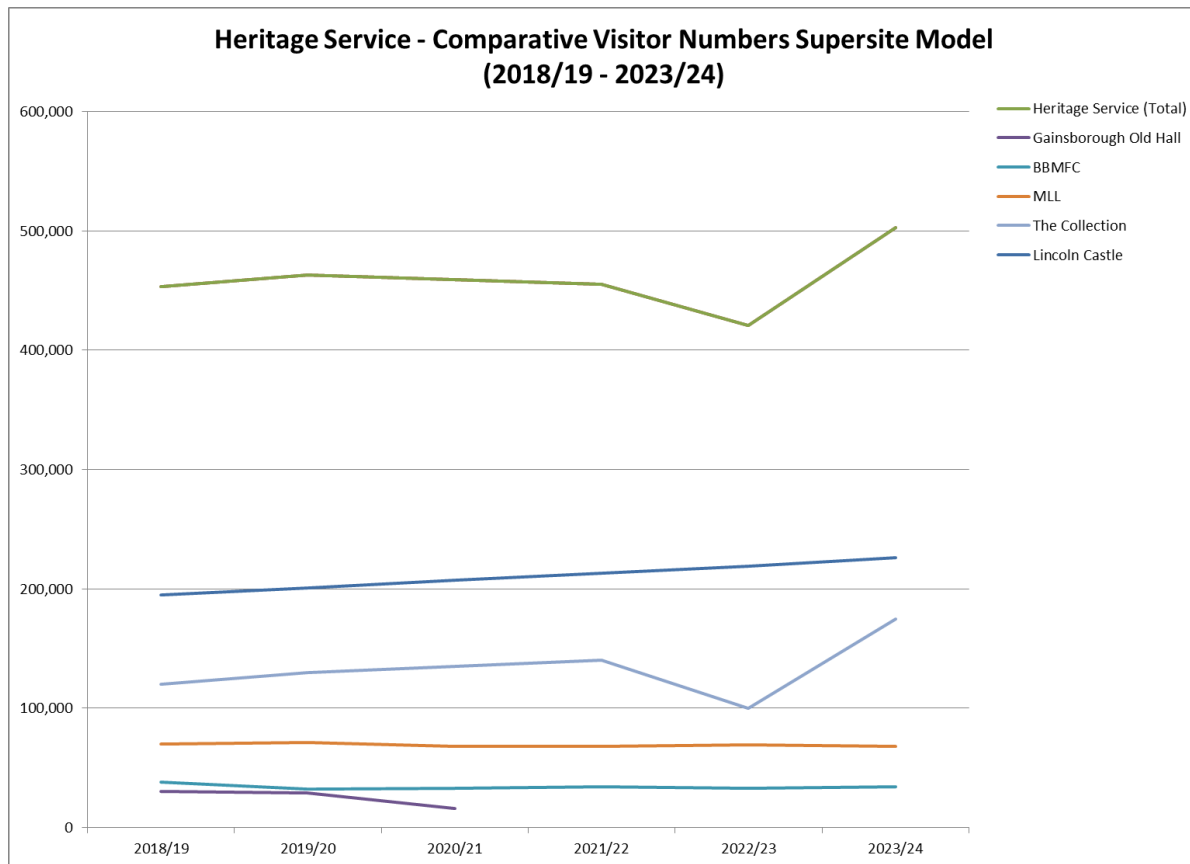
Heritage Service - Comparative Visitor Figures of Key Sites - Status Quo Model (2018/19 - 2023/24)

Financial Year	Total LCC Contribution to Heritage Service	Total Visitors	LCC Contribution per visitor	Lincoln Castle (Supersite)	The Collection (Supersite)	MLL (Microsite)	BBMFC (Microsite)	GOH (Microsite)
2018/19	£959,510	448,000	£2.14	195,000	120,000	70,000	33,000	30,000
2019/20	£921,844	448,000	£2.06	195,000	120,000	70,000	33,000	30,000
2020/21	£926,076	448,000	£2.07	195,000	120,000	70,000	33,000	30,000
2021/22	£891,584	448,000	£1.99	195,000	120,000	70,000	33,000	30,000
2022/23	£954,319	448,000	£2.13	195,000	120,000	70,000	33,000	30,000
2023/24	£970,646	448,000	£2.17	195,000	120,000	70,000	33,000	30,000
<b>Total</b>	<b>£5,623,979</b>	<b>2,688,000</b>	<b>£2.09</b>	<b>1,170,000</b>	<b>720,000</b>	<b>420,000</b>	<b>198,000</b>	<b>180,000</b>

## Key points of analysis:

- The list of key sites includes Lincoln Castle, The Collection (including the Usher Gallery as appropriate), MLL, BBMFC & GOH. It does not include those microsites where it is not possible to ascertain visitor numbers.
- Under the supersite model the number of visitors per annum increases from 448,000 in 2018/19 to 503,000 in 2023/24. As the annual number of visitors in the Status Quo model is assumed to be 448,000 per annum, this represents a 12.2% increase in the first full year of the Supersite model.
- Under the Supersite model the number of visits to the two Supersites as a proportion of total visitors increases from 70.3% of all visitors in 2018/19 to 79.7% in 2023/24. (Lincoln Castle's visitor numbers increase from 195,000 in 2018/19 to 226,000 in 2023/24 while The Collection Museum & Art Gallery's visitor numbers increase from 120,000 in 2018/19 to 175,000 following its re-opening in 2023/24.)
- The Heritage Service's financial reliance on LCC is reduced substantially (76.9%) from £959,510 in 2018/19 (£2.14 per visitor) to £221,666 in 2023/24 (£.44 per visitor) under the Supersite model. Across the entire period this averages out at £1.34 per visitor, while under the Status Quo model the average contribution is £2.09 per visitor.
- Microsite performance remains consistent, however as GOH will no longer be managed by LCC from Q3 2020/21 under the Supersite model, the Status Quo model includes around 100,000 extra visitors over the entire period that are not included within the Supersite model.

The graph below indicates comparative visitor figures for each site across the entire period (Supersite model only as the Status Quo model would be the same each year).



**2.4.4.1 Visitor numbers beyond 2023/24**

It is extremely difficult to ascertain visitor performance for the Heritage Service beyond 2023/24 as this would be the seventh year of the model and any attempt to calculate this would be subject to a wide range of hypotheses so that it would no longer be sufficiently reliable. However, it's also acknowledged that this business case is proposing a case for the long-term sustainability of the Heritage Service and there will be an interest in performance beyond the 2023/24 period proposed.

In this case, it's important to acknowledge the shift to a Cultural Enterprise model and the investment in the Supersite concept. This is intended to increase the commercial returns of the Heritage Service by diversifying its programme and focusing on customer need. More flexible spaces will support this programme and the Commercial case outlines a number of strands of activity that will continue to deliver commercial returns.

It's also worth highlighting some elements already raised in the Strategic Case. Growth in inbound tourism is set to increase until 2027, as is growth in domestic tourism, while rail and road networks are improving in Lincolnshire. This will also contribute to ongoing growth for the Heritage Service.

As a result it can be assumed that the performance of the Heritage Service will remain at those similar levels as described in 2023/24, with potential for further growth in another phase of the FuturePlan, should one be developed. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

**2.5 Economic Impact Analysis**



The Association of Independent Museums has produced a straightforward approach to economic impact assessment<sup>40</sup> in order to help museums assess the impact they have on their local economy. The Toolkit was produced in 2010, and later revised in 2014 with updated tourism spend metrics, and more detailed geographic assumptions for day visits. This takes into account both the visitor number and operating costs in order to create a reliable and comparative set of metrics to create Tourism and Wider Economic Impact.

We have used the 2014 model in order to assess the economic impact of the proposed scheme of work. Data for non-staff costs and site expenditure on Goods/Services is taken from the projections noted in the Financial Case and are detailed here for illustrative purposes only.

Employment Impact, which indicates the direct impact of employees on the local economy, has not been calculated because we currently lack sufficient data on staff in order to model this and the results would not be reliable.

### 2.5.1 Economic Impact Assessment 2018/19 - 2023/24

These are detailed in the table below (full data can be found in Appendix 2B) for both the Supersite model and also for the Status Quo.

Please note that this is for Key Sites only, namely Lincoln Castle, The Collection, MLL, BBMFC, and Gainsborough Old Hall (where appropriate) and includes only their respective operational costs. It does not include operational costs for Discover Stamford, Windmills (Except Ellis Mill which is included with MLL), Heritage Skills Centre, Aviation Heritage, Development Activity, Central budgets and HLF Bursary projects, because these strands of work are not appropriate for this particular model. This explains the difference between non-staff costs in the table below and those noted in the Financial Case which, as an operational budget, includes all Heritage Service cost centres.

As previously stated in 2.5, it also does not include salary costs.

#### Tourism & Wider Economic Impact of Key Sites - Supersite Model - (2018/19 - 2023/24)

Financial Year	Total Visitors	Non-Staff Costs	Expenditure on Goods & Services	Tourism Impact (£)	Wider Economic Impact (£)
2018/19	448,000	£1,639,697	£716,016	£10,020,457	£10,736,473
2019/20	463,000	£1,693,808	£739,645	£10,300,419	£11,040,064
2020/21	459,000	£1,684,671	£731,782	£10,140,655	£10,872,437
2021/22	455,000	£1,673,341	£722,721	£9,960,748	£10,683,469
2022/23	421,000	£1,714,754	£740,713	£9,416,640	£10,157,353
2023/24	503,000	£1,707,911	£738,362	£10,872,324	£11,610,686
<b>Total</b>	<b>2,749,000</b>	<b>£10,114,182</b>	<b>£4,389,238</b>	<b>£60,711,243</b>	<b>£65,100,482</b>

<sup>40</sup> See <https://www.aim-museums.co.uk/wp-content/uploads/2017/02/AIM-Economic-Impact-Toolkit-2014.pdf>

### Tourism & Wider Economic Impact of Key Sites - Status Quo Model - (2018/19 - 2023/24)

Financial Year	Total Visitors	Non-Staff Costs	Expenditure on Goods & Services	Tourism Impact (£)	Wider Economic Impact (£)
2018/19	448,000	£1,639,697	£716,016	£10,020,457	£10,736,473
2019/20	448,000	£1,693,808	£739,645	£10,020,457	£10,760,102
2020/21	448,000	£1,746,316	£762,573	£10,020,457	£10,783,031
2021/22	448,000	£1,800,451	£786,213	£10,020,457	£10,806,670
2022/23	448,000	£1,856,265	£810,586	£10,020,457	£10,831,043
2023/24	448,000	£1,913,809	£835,714	£10,020,457	£10,856,171
<b>Total</b>	<b>2,688,000</b>	<b>£10,650,346</b>	<b>£4,650,746</b>	<b>£60,122,744</b>	<b>£64,773,490</b>

Key points of analysis:

- Overall, the Supersite model delivers a marginally higher return for both Tourism Impact (1%) and Wider Economic Impact (0.5%) than the Status Quo 2018/19 – 2023/24.
- However, the most insightful data is revealed in 2023/24 under the first full year following the opening of The Collection Museum & Art Gallery under the Supersite Model. As a result of the increase in visitor numbers and a more efficient operational model, Tourism Impact is 8.5% greater than the Status Quo while the Wider Economic Impact increases to 7.3% compared to the Status Quo.

#### 2.5.1.1 Visitor numbers beyond 2023/24

It is extremely difficult to ascertain both Tourism and Wider Economic Impact beyond 2023/24 as this would be the seventh year of the model and any attempt to calculate this would be subject to a wide range of hypotheses so that it would no longer be sufficiently reliable. However, it's also acknowledged that this business case is proposing a case for the long-term sustainability of the Heritage Service and there will be an interest in performance beyond the 2023/24 period proposed.

As stated in 2.4.4.1, it's important to acknowledge the shift to a Cultural Enterprise model and the investment in the Supersite concept. This is intended to increase the commercial returns of the Heritage Service by diversifying its programme and focusing on customer need. More flexible spaces will support this programme and the Commercial case outlines a number of strands of activity that will continue to deliver commercial returns.

It's also worth highlighting some elements already raised in the Strategic Case. Growth in inbound tourism is set to increase until 2027, as is growth in domestic tourism, while rail and road networks are improving in Lincolnshire. This will also contribute to ongoing growth for the Heritage Service.

As a result it can be assumed that the performance of the Heritage Service will remain at those similar levels as described in 2023/24, with potential for further growth in another phase of the FuturePlan, should one be developed. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

## 2.6 Health & Wellbeing Impact

DCMS commissioned research to assess the cost savings on NHS services due to the reduced likelihood of GP visits and psychotherapy services<sup>41</sup> as a result of visits to museums, galleries and heritage sites. The findings suggested that engagement with different forms of culture will deliver a different range of savings depending on the kind of visit that takes place.

These have been calculated for the Supersite and Status Quo options in order to provide comparative data for health & wellbeing impacts of the proposed scheme of work. We have used the following amounts advised by DCMS:

- Health
  - £2.59 per adult visitor to a heritage site
  - £1.89 per adult visitor to a museum
- Wellbeing
  - £3.50 per adult visitor to a heritage site
  - £2.55 per adult visitor to a museum

There are several aspects that contextualise our understanding of a Health & Wellbeing assessment.

- Impact is explicitly related to the number of adult visitors only. Therefore, redefining the visitor profile to engage more families, for example, which is an aspiration of the Heritage Service, would lead to a downward trend in the Health & Wellbeing impact even if the overall number of visitors increases. At present there is no way to reliably estimate a similar economic impact for families.
- Simply visiting a site is not necessarily a measure of impact. Lower quality visitor experiences will deliver lower results, even if they are not explicitly measured. In this way, any investment in improving the quality of the experience is more likely to deliver transformative outcomes and also increased savings to NHS and mental health services as a result. At present, the model is not sophisticated enough to reflect this, however it can be assumed that any investment outside of the status quo is likely to deliver deeper impact and improved savings.
- Making a definitive link between cultural engagement and health & wellbeing outcomes does create the potential to develop new strategic commissioning partnerships and audience development opportunities that could deliver wider economic returns in the future.

As with previous analysis, this has been calculated across the full scheme of this work (2018/19 – 2023/24, however this data requires the use of adult visitor numbers only.

### **2.6.1 Health & Wellbeing impact 2018/19 – 2023/24**

These are detailed in the tables below (full data can be found in Appendix 2C) for both the Supersite and Status Quo models.

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<sup>41</sup> Simetrica (2015), ['Further analysis to value the health and educational benefits of sport and culture'](#), DCMS, March 2015.

### Heritage Service - Health & Wellbeing Impact Data - Supersite Model (2018/19 - 2023/24)

Financial Year	Total Visitor Volume	Total Adult Visitor Volume	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Heritage Service Total per annum
			Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55	
2018/19	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2019/20	463,000	320,936	£479,904	£256,369	£648,519	£345,895	£1,730,686
2020/21	459,000	315,707	£463,758	£258,269	£626,700	£348,458	£1,697,183
2021/22	455,000	310,130	£440,999	£264,335	£595,945	£356,643	£1,657,923
2022/23	421,000	288,468	£449,502	£217,189	£607,436	£293,033	£1,567,160
2023/24	503,000	341,388	£463,760	£306,804	£626,703	£413,942	£1,811,208
<b>Total</b>	<b>2,749,000</b>	<b>1,887,978</b>	<b>£2,771,528</b>	<b>£1,545,812</b>	<b>£3,745,308</b>	<b>£2,085,620</b>	<b>£10,148,268</b>

### Heritage Service - Health & Wellbeing Impact Data - Status Quo Model (2018/19 - 2023/24)

Financial Year	Total Visitor Volume	Total Adult Visitor Volume	Health Cost Savings (Adult visitors only)		Wellbeing Cost Savings (Adult visitors only)		Heritage Service Total per annum
			Heritage @ £2.59	Museum @ £1.89	Heritage @ £3.50	Museum @ £2.55	
2018/19	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2019/20	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2020/21	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2021/22	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2022/23	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
2023/24	448,000	311,349	£473,605	£242,846	£640,007	£327,650	£1,684,107
<b>Total</b>	<b>2,688,000</b>	<b>1,868,094</b>	<b>£2,841,629</b>	<b>£1,457,077</b>	<b>£3,840,039</b>	<b>£1,965,897</b>	<b>£10,104,641</b>

#### Key points of analysis:

- Over the period of this scheme of work the Supersite model delivers marginally more (0.4%) combined Health & Wellbeing savings than the Status Quo model.
- However, in 2023/24, when The Collection Museum & Art Gallery opens as a Supersite, the savings are 7.5% more than the same year in the Status Quo model, reflecting the increase in visitors.
- The lower performance delivered in the preceding year under the Supersite model can be attributed to the lower number of visitors at The Collection prior to its reopening as a Supersite and the loss of visitors from the handover of GOH to a third party.

#### 2.6.1.1 Health & Wellbeing impact beyond 2023/24

It is extremely difficult to ascertain Health & Wellbeing Impact beyond 2023/24 as this would be the seventh year of the model and any attempt to calculate this would be subject to a wide range of hypotheses so that it would no longer be sufficiently reliable. However, it's also acknowledged that this business case is proposing a case for the long-term sustainability of the Heritage Service and there will be an interest in performance beyond the 2023/24 period proposed.

As stated in 2.4.4.1 and 2.5.1.1, it's important to acknowledge the shift to a Cultural Enterprise model and the investment in the Supersite concept. This is intended to increase the commercial returns of the Heritage Service by diversifying its programme and focusing on customer need. More flexible spaces will support this programme and the Commercial case outlines a number of strands of activity that will continue to deliver commercial returns.

It's also worth highlighting some elements already raised in the Strategic Case. Growth in inbound tourism is set to increase until 2027, as is growth in domestic tourism, while rail and road networks are improving in Lincolnshire. This will also contribute to ongoing growth for the Heritage Service.

As a result it can be assumed that the performance of the Heritage Service will remain at those similar levels as described in 2023/24, with potential for further growth in another phase of the Future Plan, should one be developed. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

## 2.7 Future forms of assessment

Evidencing the impact of culture is often challenging, though not impossible, and the options provided below are intended to support wider discussion to decide those KPIs which can be used to ensure that the Heritage Service can report against the Investment Aim and Objectives.

All KPIs can be broken down into four key areas. These are:

- Reach – audience size and demographics, including age, ethnicity, gender, etc.
- Quality – Internal efficiency, audit trail, recommendations from and number of repeat visitors
- Impact – softer measures depending on the audience based on three key outcomes: discovery (knowledge-based), participation (active engagement), and transformation (attitude change and/or skill improvement)
- Value – costs, income or other forms of commercial return, etc.

How these are evidenced in relation to the Investment Objectives noted above varies and is dependent on clearly articulating the priorities for the scheme of work, taking into account the resources available to deliver these. The specific KPI would be agreed with LCC and the Heritage Service's Advisory Panel (see the Management Case)

Investment Objective	Proposed evidence format
IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.	<ul style="list-style-type: none"> <li>• Financial self-sufficiency of Heritage Service, including income generated.</li> <li>• Ability to secure fundraising investment, including from private, public and corporate sources.</li> <li>• Success of commercial strategy to increase ticketing spend, etc.</li> </ul>
IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.	<ul style="list-style-type: none"> <li>• Adoption of Lincolnshire DNA framework, rollout and evidence of impact – no of stories, people, etc.</li> <li>• Health &amp; Wellbeing measures, including savings to NHS and mental health services.</li> <li>• No of schools visits.</li> </ul>
IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.	<ul style="list-style-type: none"> <li>• Economic impact assessment.</li> <li>• Visitor numbers to our sites and to Lincolnshire.</li> <li>• Increase in employment using VisitBritain measures of x1 FTE is created with £54,000 increase in income.</li> </ul>

<p>IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.</p>	<ul style="list-style-type: none"> <li>• Visitor numbers.</li> <li>• Formal qualitative assessment.</li> <li>• Public perception.</li> <li>• Press articles, mentions, social media activity, etc.</li> <li>• No of temporary exhibitions, subject matter, museum of origin, relative status.</li> </ul>
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While resource limitations may not allow the full range of these KPIs to fully assess impact, they can be carefully selected to present both the breadth and depth of impact related to the work that the Heritage Service delivers.

## 2.8 Conclusions

Four different methods have been used in order to assess the Economic Case related to this scheme of work. These are LCC's estimated contribution to the proposed changes to the development of two supersites, Visitor numbers, Economic impact (Including both Tourism Impact and Total Economic Impact), as well as Health & wellbeing Impacts.

In each case it is clear that a targeted investment through the Supersite model would deliver an increase in Visitor numbers, Tourism Impact and Wider Economic impact, as well as Health & wellbeing. As a direct comparison between the Supersite and Status Quo models there is only a modest improvement in performance with the Supersite model, however greater impact will be unlocked once The Collection Museum & Art Gallery opens as a Supersite in 2023/24. Although it is very difficult to estimate performance beyond this, based on the experience of Lincoln Castle Revealed we can assume an increased level of impact as to that experienced in 23/24. These impacts could be experienced more quickly if the entire transformation process were accelerated; however the nature of both the fundraising and museum design process means that the proposed timeline is realistic.

As a result, the FuturePlan should be seen as a long-term investment to ensure that the Heritage Service is able to maintain relevance for future generations, support its aspirations for greater levels of financial self-sufficiency, and support LCC's wider ambitions to make Lincolnshire an attractive place to live, grow, and invest.

A range of other options have also been provided in order to support ongoing reporting of the performance of the Heritage Service. While these do not support this specific investment, they do address the need for ongoing KPIs to ensure the Heritage Service continues to deliver against the investment objectives across the duration of this scheme of work.

### 3 Commercial Case

#### 3.1 Introduction

The Commercial Case demonstrates that the proposed operating model represents a commercially viable operation.<sup>42</sup>

With regards to this business case and the key investment aim - to establish a sustainable heritage service that can leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors, the Commercial Case is explicitly concerned with IO1:

IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

Delivering IO1 would then substantially drive delivery of the other three objectives:

IO2: Improve the visitor experience by sharing Lincolnshire's stories in relevant and distinctive ways, while also delivering a wide range of educational, health & wellbeing, and other social outcomes.

IO3: Support economic growth by placing Lincolnshire's world-class culture and heritage at the heart of the visitor economy.

IO4: Placemaking – leverage Lincolnshire's world-class culture and heritage to support the county's ambitions to compete at a higher level on the national and international stage.

It should be noted that this Commercial Case does not significantly challenge the underlying business model of the provision of a number of sites, which are free to access at the point of delivery, notably The Collection, MLL, and to a certain degree, Lincoln Castle. Instead it focuses on the creation of a more successful Freemium model which can derive income from a number of additional sources to create a more financially sustainable Heritage Service.

While it would be possible to make the case that introducing ticketed and chargeable entry for all our sites would make the sites more financially sustainable, the result would be a significant reduction in visitor numbers which would potentially undermine the other IOs in this DBC, as well as a number of LCC's other strategic goals to drive growth in the visitor economy and deliver health & wellbeing outcomes for the benefit of Lincolnshire residents.

#### 3.2 Changing approaches to Commercial Strategy in the museum sector

Museums have tended to follow a commercialisation strategy which was an extension of the UK Government's cultural policy which operated 1997-2010. This model was largely developed for national museums that were well-funded through generous grant-in-aid which covered core costs but which also allowed them to experiment through temporary exhibitions programme without threatening core operating costs if they were not successful. This model also allowed museums to retain income from ticketing, thus rewarding them for their innovation, and also to supplement this income through wider fundraising activity, while also maintaining free access to permanent collections for all visitors.

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<sup>42</sup> Please note that under the Treasury Green Book methodology all operational financial data is detailed in the Financial Case.



Grant-in-aid funding has been reduced substantially over recent years, so much so that it has become essential for almost all cultural organisations to develop alternative forms of income in order to keep the doors open. Over time this has effectively redefined these national museums as Cultural Enterprises rather than as a traditional service subsidised by the public purse. This has been challenging for the entire sector, and while there are success stories, these are largely in national institutions that have the following characteristics:

- They are based in large cities with sizeable populations, thus ensuring that there is sufficient number of people that would be interested in their particular niche.<sup>43</sup>
- They hold, or at least have access to, world-leading collections within their specific areas of interest, which has, given the scarcity of public access to these collections, allowed them to raise ticket prices substantially<sup>44</sup>.
- They have reduced permanent display space and replaced them with multiple temporary spaces and offered a seasonal programme of exhibitions to increase consumer choice and drive up spend per visitor. This is also reflected in a push toward more annual memberships.
- They are able to leverage large-scale commercial retail and café opportunities to increase secondary spend or to become a destination in their own right.
- They have become more audience-focused through the use of segmentation tools which has necessitated a change in the kind of exhibitions they deliver.
- An explosion of professional fundraising has taken place. This is the key growth area in employment with the sector.
- They have repositioned themselves as key drivers (and beneficiaries) of a growing visitor economy.
- They have developed strong brands which have been used to leverage significant corporate partnerships.

The most successful nationally funded institutions are now able to sustain themselves with around 1/3 of operating income from grant-in-aid and 2/3 of operating income from wider commercial operations, including retail, café, ticketing, sponsorship, fundraising, etc.

However, it should be noted that driving up this commercial income is dependent on demand side factors, most notably the size of the available audience. Indeed, the further you move out of central London, the more challenging it becomes to sustain this particular commercial proposition. This is still the case in major urban metropolis like Birmingham, Manchester and Leeds, whose cultural attractions are still facing a range of financial challenges.

Unlike London, Lincolnshire does not have a population of 7 million and a visitor economy shaped by 42 million inbound tourists who visit annually, so delivering traditional exhibitions that focus only on a particular niche, whatever their inherent museological quality, is unlikely to deliver a successful commercial programme. In other words, even if you could import the V&A (or the NPG, etc.) wholesale in Lincolnshire, it still wouldn't be a commercially sustainable offer because the audience appetite for such a collection is not (yet) large enough.

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<sup>43</sup> London, for example, has a population of over 7 million and hosts 42 million inbound visitors a year

<sup>44</sup> For example, TATE now charges approx. £20 for exhibitions, the National Gallery £18 and the British Museum £17, while a day out at the Tower of London is £22.70 and Hampton Court Palace is £19.20.

### **3.3 Developing a new business model – moving to Freemium**

A business model details the way in which a business (including not-for-profit or public institutions) organises its resources to generate sufficient income (or other mission critical impacts) to sustain itself. At present, the Heritage Service's business model is not sustainable as LCC has implemented funding cuts, but the present levels of income are insufficient to sustain the service. The result is that there needs to be a fundamental change in the business model in order to focus on developing greater levels of income.

The success of a business model is dependent on the value that it creates for its customers, who will then exchange money (or time, effort, etc.) for this value. This is called a value proposition. All things being equal, if the Heritage Service is unable to generate sufficient income from its services, it is because the associated value proposition of those services does not sufficiently resonate with enough members of the public to warrant their investment in it through ticketing and other commercial activity.

The Commercial Strategy for this DBC is concerned with ensuring that both the value proposition and business model are aligned. In this way the Heritage Service will be able to deliver the right kind of value to our audiences who will be prepared to pay for the services we provide, thus allowing the Heritage Service to be sustained in line with LCC's expectations.

We are proposing that the Heritage Service's business model shifts to what is called a Freemium business model. The term freemium is coined from 'free' and 'premium'. A basic version of the service is provided free of charge and at minimum cost in the hope that audiences will be converted by the value proposition and be prepared to pay for additional value.

Such a model is already in use at Lincoln Castle and has been integral to the site's success and the contribution it makes to LCC. We are suggesting that this model needs to be implemented at The Collection, following the proposed development works, which would create a smaller 'free' offer and a larger 'premium' offer with larger commercial potential. At the same time, this needs to be scaled up across the entire service to take advantage of the opportunities this provides for fundraising, membership, events, sponsorship, etc.

Developing this approach requires a fundamental shift in the value the Heritage Service creates for its audiences and therefore for itself. It must be understood that commercial success will not come from the traditional approach of worthy but dull exhibitions because there is insufficient interest in Lincolnshire to justify the financial investment, let alone the commercial return. Instead, the value we create must be aligned to the ways in which we can make heritage and culture more accessible to a much wider range of people. In other words, it is the audiences' needs, wants and motivations for engagement, not access to the museum's rare collections, which must drive the content of exhibitions and events going forward in order to unlock the commercial potential of the Heritage Service.

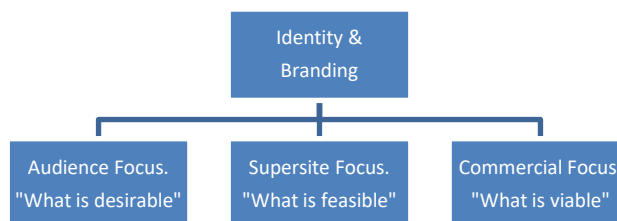
### **3.4 Our winning aspiration – to create a sustainable cultural enterprise model**

Above all, our winning aspiration for the Commercial Strategy is to ensure the long-term economic sustainability of the Heritage Service. This is underpinned by the following:

- Widen the range of audiences which visit our sites.
- Improve the quality of the visitor experience, including engagement levels.

- Generate income to support the development of the service.
- Support wider initiatives to increase organisational efficiency.

This Commercial Strategy lays out the direction of travel toward the development of a successful cultural enterprise model. At its top level this is comprised of the following:



These four areas will now be assessed individually.

### 3.4.1 New purpose and identity of the Heritage Service

Key to unlocking increased commercial activity is a new purpose and identity for the Heritage Service. The current purpose represents a one-way traditional service-based approach in which the service is funded to deliver what they feel is best to the public. A new purpose must give all stakeholders a reason to care about engaging with the service. It answers the 'So what?' questions about why we choose to deliver culture and heritage in LCC.

In other words, in a busy world with considerable competition for audience time, money and attention, we need to give our audiences a reason to engage with us that creates value for them and would compel them to visit. This needs to go much further and resonate more deeply than highlighting supply side factors about the value of our collections on the assumption that audiences recognise that it's good for them to know about the culture on their doorstep.

Draft vision and mission statements have been suggested within the Strategic Case, noted below, which are intended as placeholders and indicate direction of travel.

**Vision:** To place culture and heritage at the heart of Lincolnshire life.

**Mission:** We help *everyone* explore the story of Lincolnshire, its identity and significance through its unique geography, history and culture.

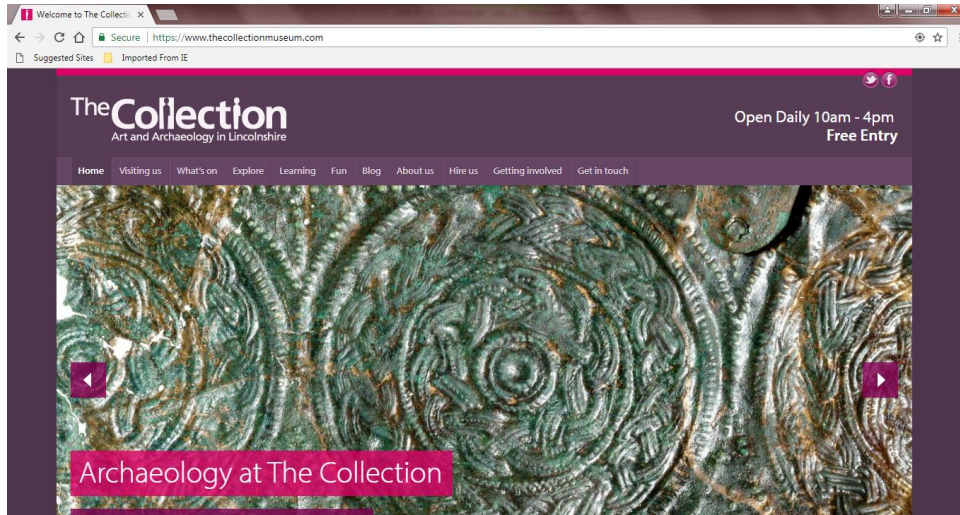
As previously stated, this opens up the interpretation of what culture and heritage mean and gives permission for the Heritage Service to create innovative experiences that are relevant to a wider range of audiences going forward. It also explicitly states that culture and heritage are for everyone whatever their age or background.

### 3.4.2 New branding for the Heritage Service

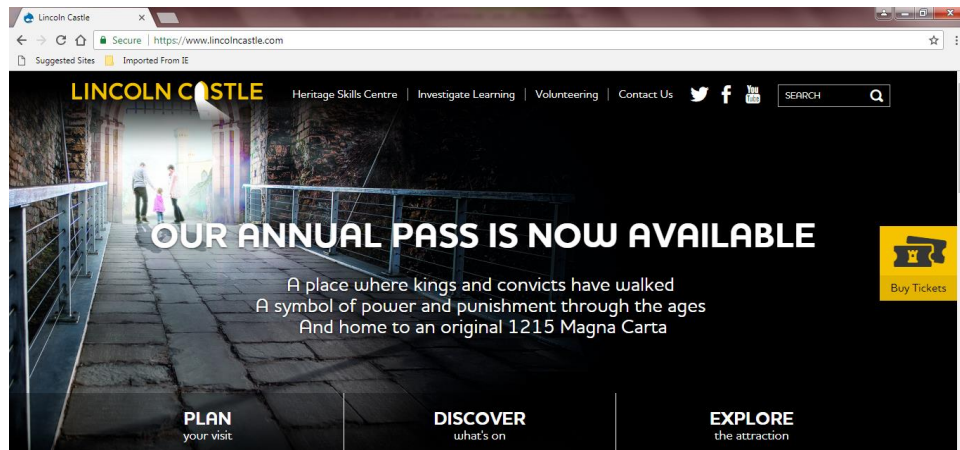
As well as there being no clear purpose to the service, there is also no brand that unifies the different offers or sites.

For example, while The Collection and Lincoln Castle have their own websites, MLL is hosted on the LCC site. Branding, where it exists for individual sites, is also not complimentary. As far as the public

is concerned, they are run by different organisations; there is little evidence of a relationship between them, meaning that not only are they largely in competition with one another for the public's time and money, but they are also unable to leverage the advantages of being within the same portfolio.



The Collection



Lincoln Castle



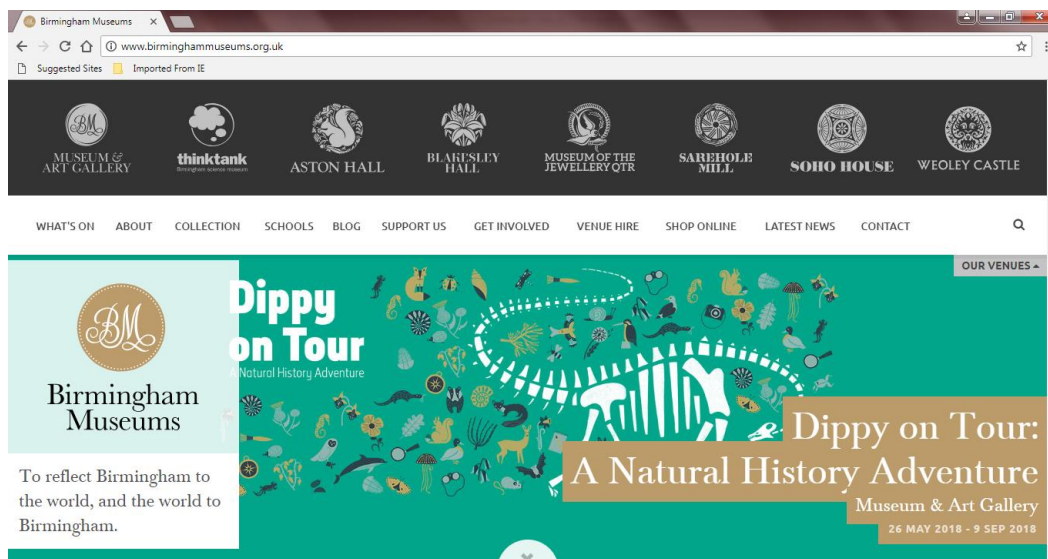
Museum of Lincolnshire Life



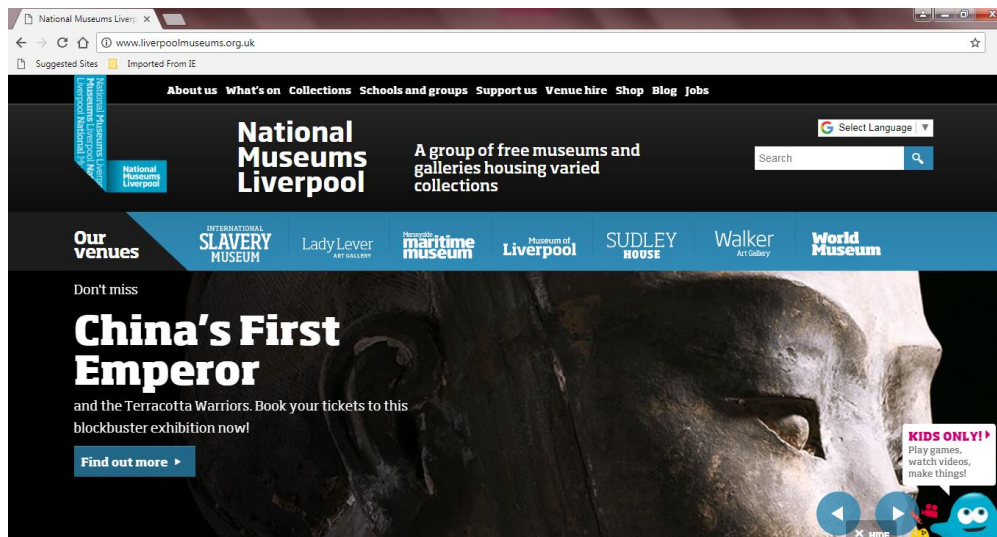
This approach must change in order to make the commercial proposition more sustainable. It is increasingly used by many other museum groups including:

- Historic Royal Palaces (six sites)
- TATE (four sites)
- National Museums Liverpool (seven sites)
- National Museums Northern Ireland (three sites)
- Birmingham Museums (eight sites).

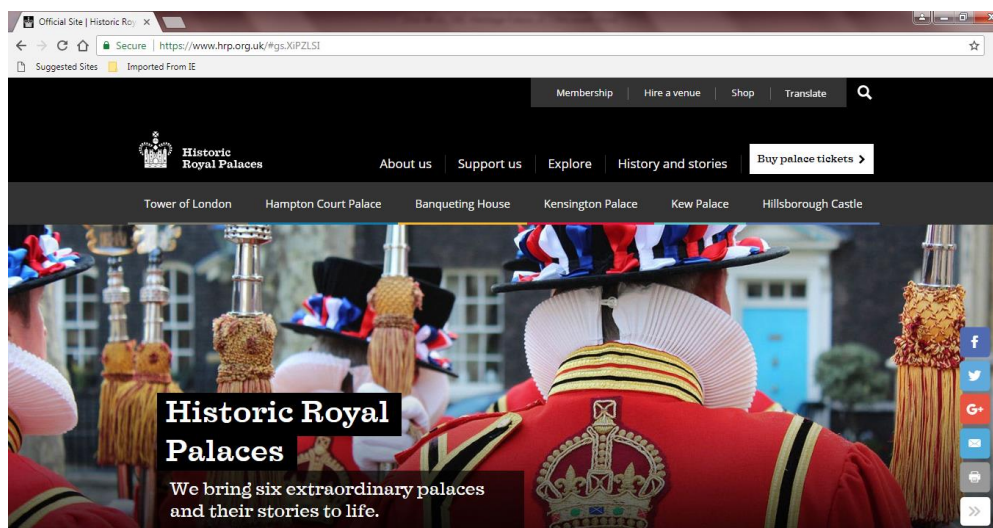
This is best represented on their websites, screenshots for some are noted below.



Birmingham Museums



National Museums Liverpool



Historic Royal Palaces

Unifying the supersites under a single identity with a clear purpose and branding would give the Heritage Service a clear outward facing purpose and reason to engage with the public. The advantages of this are numerous, it would:

- Enable a more customer-focused approach as it allows audiences to consider multiple options based on their needs and wants, rather than checking several websites.
- Inform our choices around the kind of exhibitions and events we put on display, can charge for, and what constitutes success.
- Increase potential for more ticketing options, including cross-selling, membership and sponsorship schemes that would raise the average ticket yield.
- Encourage wider collaboration and reduces competition between sites.
- Support fundraising efforts by increasing the potential range of sponsorship schemes for wealthy patrons as they would patronise the entire service, rather than a single project or site.
- Produce economies of scale and scope across the organisation.
- Help to foster stronger relationships across all sites and for staff toward the brand, rather than a single site.
- Support senior leaders to communicate the future direction and aspirations of the service at a corporate level with one single voice.
- Reinforce the supersites approach and the associated merits.
- Increase the potential for cross-site strategies to be implemented, including learning, interpretation, commercial events, etc.
- Increase the potential to recruit high quality volunteers to support services.
- Strengthen the service's voice within the museum sector and allow it to compete it at a higher level in obtaining temporary exhibitions.
- Support wider objectives to reposition the service as a key driver of the visitor economy, an approach that has delivered huge dividends in Liverpool over the last decade.

### 3.4.3 Three foundation pillars for commercial growth

Beneath the new identity and branding are three key commercial pillars which detail the areas where the Heritage Service would focus or 'play'. These are the key enablers toward commercial success.

1. Driving growth through a focus on audiences
2. Developing supersites to enable commercialisation
3. Developing a portfolio business models and value propositions to create commercial income

#### 3.4.3.1 Driving growth through a focus on audiences

Traditionally, museum services work on the premise that as the experts in their field they are best-placed to communicate the meaning and value of their collections to visitors. The idea underpinning this is that it is generally considered good citizenship to 'know about' culture and that it has beneficial side effects on health, wellbeing and education. And while there are elements of truth to this, what typically happens in practice that left to their own devices museums attract the same narrow range of audiences at the expense of all others.

However, a range of audience segmentations tools have recently been developed which are increasingly challenging the status quo outlined above. These seek to align motivations to engage with culture – why they would engage with culture, with the way in which different audiences like to engage with culture – what kind of activities they like to do. By analysing the available data it's then possible to understand which segments live close to your sites and how they like to engage with culture, which can be used to inform development of the public programme. This is what it means to create what is desirable.

In order to utilise the power of this data, it's proposed that the Heritage Service would begin to use *Audience Finder* by The Audience Agency. This is a national audience data and development programme, which enables cultural organisations to share, compare and apply insight. It provides tools for collecting and analysing data in a standardised way which builds a clear picture of audiences locally and nationally. The results help organisations find new audience opportunities using a range of tools, features and support, including user-friendly reporting dashboards, online mapping and insight tools, and the opportunity to work in collaborative, data-sharing groups.

Although developed and managed by The Audience Agency, it is funded by Arts Council England, and is now used by over 10,000 culture professionals each year. In fact, the tipping point is fast-approaching where we would be at a competitive disadvantage by not moving toward an audience segmentation system.

A few examples of the power of this data would provide some insight as to its potential value. In the East Midlands, for example, the average yield across all cultural forms is as follows:

Art form	Average ticket yield
Children and family	£13.03
Christmas show	£21.09
Contemporary Visual Arts	£9.50
Dance	£28.21
Film	£7.20
General Entertainment	£20.10



Literature	£10.42
<b>Museums &amp; Heritage</b>	<b>£9.63</b>
Music	£29.75
Musical Theatre	£30.81
Outdoor Arts	£27.20
Plays/Drama	£21.12
Workshops	£17.04

- Ticket yield for Museums & Heritage (£9.63) is comparatively low which reinforces why it's essential to deliver programming with a strong value proposition for audiences so that more would attend. Niche programming that would be successful with a larger audience base in London is not sustainable in Lincolnshire.
- Integrating an annual focus on a Christmas Show (£21.09) or a summer focus on Children and family (£13.03) would raise ticket yield substantially.

Proposed exhibitions and events can be aligned with key segmentation of audiences<sup>45</sup>. In the East Midlands, for example, the segmentation is as follows:

Audience Spectrum segment	East Midlands		England		Index
	Count	%	Count	%	
Metroculturals	5,057	0%	2,342,194	5%	3
Commuterland Culturebuffs	323,682	8%	5,315,818	12%	71
Experience Seekers	220,995	6%	3,921,781	9%	65
Dormitory Dependables	617,782	16%	6,998,182	15%	102
Trips & Treats	883,929	22%	7,169,496	16%	143
Home & Heritage	470,029	12%	4,626,424	10%	118
Up Our Street	471,357	12%	3,959,433	9%	138
Facebook Families	556,640	14%	5,188,457	11%	124
Kaleidoscope Creativity	168,264	4%	4,090,824	9%	48
Heydays	212,800	5%	1,983,510	4%	124
Unclassified	34,007		410,732		
<b>Adults 15+ estimate 2016</b>	<b>3,930,535</b>		<b>45,596,119</b>		

Base totals and percentages do not include unclassified psotcodes.

Some immediate insights are:

- By focusing exhibition programming on *Trips & Treats*, *Dormitory Dependables* and *Facebook Families*, those groups with more conservative tastes, it is possible to appeal to almost 2,000,000 people within the East Midlands, around half of the population. This helps to explain the success of Lincoln Castle which delivers a strong value proposition as a great (but traditional) day out.
- Avoid programming for *Metroculturals* and *Kaleidoscope Creativity*, who prefer cutting edge and innovative programming. In Lincolnshire this would lead to a poor return on investment because of the comparative lack of population density - only 4% of the population (175,000 people) in East Midlands. To make an exhibition successful for this group would mean we'd have to attract around 1/3 of this figure to attend, an over-optimistic assumption.

<sup>45</sup> Descriptions of all segments are in Appendix 3A.

- Traditional museum exhibitions tend to appeal to *Commuterland Culturebuffs* who make up only 8% (323,000 people) of the East Midlands population. This helps to explain why previous exhibitions in the Heritage Service have not been commercially successful.

The reality is that it is only through an unrelenting focus on audiences the Heritage Service would attract with a wider audience base, but would also be more commercially sustainable as a result. A whole organisation approach is required to deliver this.

Leveraging audience data in order to inform exhibition development is absolutely essential to this process and the Heritage Service must invest in order to develop expertise. This would necessitate building relationships with external consultants such as the Audience Agency. An audience development strategy, which would sit alongside the Interpretation Strategy and Pricing and Ticketing Strategy, is required to develop this further.

### **3.4.3.2 Creating Supersites that support commercialisation**

The concept of Supersites has already been explored in some detail within the Strategic Case, but is worth repeating here in highlighted form to support the Commercial Case.

Most of our current heritage portfolio is delivered through a microsite approach, where one story is told which is based on a particular heritage site or collection. Although there may be some income-generation through ticket sales, with secondary retail or café activity, they fundamentally offer little motivation for visitors to return and are limited in their commercial scope as a result.

Supersites, on the other hand, are specifically designed to facilitate the kind of programme that enables visitors to return often through the provision of a varied programme in the form of a hub and spoke model. In practice this means that each supersite would provide a permanent offer, effectively the hub, as well as a rotating programme of temporary exhibitions and events, effectively the spokes.

The permanent offer at each site would be based on the Lincolnshire DNA framework, providing an engaging and inspiring story of Lincolnshire and how it has evolved over time – helping Lincolnshire residents to understand how the county has developed its distinctive identity and offering a distinctive experience for visitors from outside the county to engage with the county in accessible ways.

These stories would be told in a complementary fashion across Supersites so that each supersite can excel in its own way. Lincoln Castle would develop its focus as an outstanding visitor attraction, providing a great day out for its visitors, and The Collection Museum & Gallery would develop as a museum by adding a contemporary twist, bringing the best museum experiences from around the country to Lincolnshire.

However, each Supersite would also have a series of other offers across the year through the provision of a series of temporary exhibitions, events and experiences - the spokes for each hub. Each of these temporary interventions would be designed with specific audiences in mind, thus ensuring that the widest range of audiences can enjoy the broadest range of cultural and heritage experiences from season to season and year to year, while also creating opportunities for commercial development of the service. Delivering this programme requires that each supersite has

both permanent and temporary exhibition space, as well as appropriate retail opportunities, as without it the supersite concept is unsustainable.

This approach is focused on audiences; it enables the widest range of segments to engage with culture and heritage in ways that resonate with and are relevant to them, it delivers the widest range of health and wellbeing outcomes because of the breadth of its offer, and it provides the Heritage Service with the greatest range of commercial opportunities to support its development as a sustainable cultural enterprise under a single brand and identity.

How these spaces break down site by site is described below.

Supersite	Permanent spaces	Temporary spaces
Lincoln Castle	Castle Grounds, Wall Walk, Magna Carta, Victorian Jail	Scope for temporary exhibitions exists within the Prison and Castle Grounds which can be installed around the permanent exhibitions; however we also propose to create additional space as outlined in the Strategic Case. Considerable potential also exists for increased commercial hire at Lincoln Castle, as well as growth in café and retail concessions.
The Collection Museum & Art Gallery	Permanent Archaeology Gallery in The Collection. Usher Art Gallery.	Some temporary spaces already exist but these are much smaller. Long-term development of The Collection would reconfigure current spaces to create a larger temporary exhibition space (496m <sup>2</sup> ) and a new art gallery of approx. 500m <sup>2</sup> . In the short-term we are proposing a three season programme of temporary exhibitions with chargeable ticketing which can be piloted through better use of existing spaces.

Supersites represent a range of opportunities to improve the customer experience and to generate income from commercial opportunities, and as such they represent the gateway toward the long-term sustainability of the Heritage Service. Without this transition to the supersite approach, it will be much more difficult to ensure the same level of sustainability. This is what it means to deliver what is feasible.

### 3.4.3.3 Developing a portfolio of business models and value propositions to create commercial income

As the Heritage Service shifts to a cultural enterprise model we are proposing to develop a number of new offers with associated value propositions. Generating revenue from a portfolio of income streams, rather than just relying on traditional forms of income such as ticketing and grant-in-aid, are key. This would include:

- Commission-led programming with commercial outcomes
- Making commercial activity a priority

- Fundraising and sponsorship
- Ticketing strategy
- New learning and engagement strategy
- Rent income
- Ongoing efficiency savings – creating more lean ways of working

It's important to highlight that the key factor in making the most of commercial opportunities is to be able to successfully market the service to a wide range of audiences. While this is not explicit within each section, it is an idea which must underpin the entire commercial development of the service and should not be overlooked. This is what it means to deliver what is viable.

### 3.5 Temporary exhibition programming

Museums traditionally invest considerable time, money and organisational capacity to conduct research and then put on exhibitions. The time this takes limits the number of exhibitions that can reasonably be displayed so that such exhibitions soon become permanent; even when those permanent displays have moved far beyond their natural lifespan, are seen by few people and generate limited secondary spend. We are seeking to disrupt this model.

Permanent exhibitions would still exist; however, the purpose of permanent displays is to tell a clear and engaging story about the Lincolnshire DNA – the stories of the people and places that have shaped Lincolnshire over time, not simply to house collections that fall in convenient academic silos. While refreshes may take place over time, these would be focused on telling another part of the story of the Lincolnshire DNA, rather than simply swapping out objects (although this may still occur for conservation purposes).

The exhibitions that are housed in the temporary spaces at each supersite would be commission-led developments. These are exhibitions that are contracted for a time-limited appeal on a commercial basis with an expectation that they would meet income and visitor number targets, drive audience development, while also delivering secondary spend in retail and cafe and delivering wider social outcomes.

Touring exhibitions typically come in different types:

- Turnkey exhibitions which include all physical assets, cases and displays.
- Curated collections which include a number of objects and interpretation that can be integrated into displays.
- Exhibition blueprint packs which generally include digital assets that allow you to create your own exhibition.

Touring exhibitions also fall into different economic models:

- Partial cost recovery – exhibitions which drive engagement and increase visitor diversity but would not meet the full costs of the exhibit.
- Full cost recovery – exhibitions that would meet the costs of the exhibit but would not make a profit.
- For profit – exhibitions which turn a profit.

The economic benefit of touring exhibitions is actually very difficult to measure given the respective business models and funding structures of institutions, especially as each would have its own purpose for introducing touring exhibitions and which may or may not be linked to commercial outcomes. However, we would be making our selection based on the following qualifiers:

- Have a proven track-record of attracting audiences (or are clearly commercially viable if they are new experiences).
- Have subject matter that resonates strongly with Lincolnshire at either a local, national or international level.
- Provide opportunities to introduce ideas and experiences that would not normally be available to Lincolnshire residents (and/or its visitors).
- Preference would be based on the provision of active experiences which tell engaging stories rather than traditional exhibitions display collections passively.<sup>46</sup>
- Would provide clear opportunities for a complementary retail offer and would drive other secondary spend.

For a number of years the Heritage Service has developed its own temporary exhibitions, but it now has begun to hire temporary exhibitions. For example;

- A Kingdom of LEGO at Lincoln Castle – this family friendly quest based on everyone’s favourite childhood toy has proved to be the major attractor in Lincoln this summer. This has generated a significant increase in visitor footfall and admissions income.
- Dinosaur Encounter – would be coming to The Collection in summer 2019 and promises an animatronic encounter that would engage visitors of all ages. It has been produced originally by the Natural History Museum.

Most of the UK’s national museums now make exhibitions available within a touring format and are increasingly obliged to do so by DCMS as part of the Industrial Strategy. A recent selection is provided below.

Museum	Touring offer
National Portrait Gallery	Both the <i>BP Portrait Award</i> and <i>Taylor Wessing Photographic Portrait Prize</i> tour annually.  Various other exhibitions have also toured including <i>Picasso Portraits</i> , <i>Audrey Hepburn: Portrait of an Icon</i> , and <i>Marilyn Monroe: A British Love Affair</i>
National Gallery	The ongoing <i>Masterpiece Tour</i> is committed to promoting the understanding, knowledge and appreciation of Old Master paintings to as wide an audience as possible.
Science Museum	Exhibitions include <i>The Sun: Living with our Star</i> , <i>Superbugs: the Fight for our Lives</i> , <i>3D: Printing the Future</i> , <i>Our Lives in Data</i> , and <i>Robots: the 500</i>

<sup>46</sup> The Santa Cruz Museum of Art & History is an exemplar of a more participatory approach to museum engagement. [Santacruzmah.org](http://Santacruzmah.org)

Group	<i>Year Quest to Make Machines Human</i> . They also offer <i>Space Descent</i> , a 13-minute Virtual Reality spaceflight based on the astronaut Tim Peake's experience.
V&A	A range of offers including <i>Pop Art in Print</i> , <i>Woman's Hour Craft Prize</i> , <i>The Art of Selling Songs: Music Graphics from the V&amp;A</i> , <i>Selling the Seaside: Holiday Posters from the V&amp;A</i> , and <i>A Pirate's Life for Me...</i>
Natural History Museum	A wide range of exhibitions including <i>Treasures of the Natural World</i> , <i>Ancient Oceans</i> , <i>Wildlife Photographer of the Year</i> , <i>T. Rex The Killer</i> , <i>Question</i> , <i>Art of Nature</i> , and <i>A History of Life Through Fossils</i> .
Design Museum	Following its recent move to West London, the Design Museum is now beginning to offer a range of touring exhibitions including its recent blockbuster <i>Ferrari: Under the Skin</i> , as well as a range of other exhibitions including <i>Hello: My Name is Paul Smith</i> , and <i>New Old: Designing for our Future Selves</i> .
Touring Exhibition Group	Not a museum in itself, but a non-profit membership body which offers support and acts as a central database of touring exhibition opportunities. It typically lists around 300 exhibitions across the arts, history, science, design, costume, and natural history.

This table is by no means exhaustive but it is indicative of the range and quality of exhibitions available which can be used to construct a commercially focused strategic approach to temporary exhibition development.

In order to take this forward, the Heritage Service would require the development of an Interpretation Strategy in order to align audience priorities and create a balanced approach to our exhibitions which maximise ticketing admission.

### 3.6 Making commercial activity a priority

The long-term financial sustainability of the Heritage Service depends on its ability to maximise revenue from commercial activity. This cannot be stressed enough, commercial hire is not a nice to have, nor an added bonus, it is core business which must be targeted and grown, and is the difference between success and failure as it subsidises core audience-focused activity.

It is, then, essential that our supersites would also be used to leverage commercial opportunities. This means developing strategies to:

- Increase third party hire of our sites
- Maximise retail and café income

#### 3.6.1 Increasing third party hire of our sites

Commercial hire has always been available at our sites, and since re-opening Lincoln Castle has substantially increased its volume of commercial hire, reflecting the overall success of the project

and the efforts of the Heritage Service to facilitate this. Commercial hire for 18/19 at Lincoln Castle is forecast for 193k.

There are many opportunities to consolidate and expand on this offer, creating a whole service approach that can deliver a greater economic return through the use of stretching targets. This can be achieved in two ways:

- An internal team facilitates commercial hire which has a wide-ranging remit to ensure sufficient economic return across the sites. This could be facilitated through a trading company which deeds its profits back to LCC/Heritage Service.
- It is also possible to outsource the management of commercial hire. Sodexo, for example, manage commercial contracts at over 50 venues, including a number of heritage sites and museums, most notably IWM London, Laing Art Gallery (Newcastle), Dundas Castle (West Lothian), and the National Gallery (London).

Further research is required to ascertain the full potential of commercial hire at our sites.

### **3.6.2 Maximising café and retail income**

The aspiration of most museums appears to treat the shop as an extension of the gallery – a destination in and of itself, filled with unique and/or distinctive objects. There are few museums that can sustain such an approach and these tend to be very specific design-led offers, including MoMA (New York), V&A (London), and the Louisiana Museum (Denmark), which means that most museum retail offers would underperform.

Those museums with the more successful retail offers include The Science Museum, Natural History Museum, and Historic Royal Palaces. While these benefit from substantially greater levels of footfall, their success is based on a philosophy which aligns the available offer to their audience segmentation, rather than just their museum collection, and takes a supermarket approach, rather than that of a designer boutique.

Further strategic research is required to ascertain the potential for improvement at our sites, but we would expect to improve the turnover and margin year-on-year and above inflationary increases, especially at The Collection which would introduce a rotating programme of exhibitions which facilitate a more varied offer. Improvements could include.

- Introduction of a more tourist-friendly offer, rather than a 'boutique' approach.
- More pocket money friendly items for children and young people.
- Small ticket items with larger margins (drinks, confectionary, etc.) that would significantly increase the profit margin of each transaction.
- Wider use of promotions and offers to increase the transaction amount.
- The use of pop-up shops at seasonal periods.
- Exploring the potential of commissioning guide books and maps which can be sold with a significant margin.
- Explore potential to coordinate offers across supersites, where appropriate, to gain economies of scale.



The financial performance of our café at Lincoln Castle has improved significantly following the service's takeover of this offer, and we expect this improved performance to continue. The café at The Collection is currently run by Stokes and brings in some rent income, however the opportunity exists to reconsider this relationship when the lease comes up for renewal.

### **3.7 Fundraising and sponsorship**

The Heritage Service has a strong track record for raising funds from key national agencies including the Heritage Lottery Fund (HLF) and Arts Council England (ACE), as well as a number of private donors and benefactors. We would continue to leverage these relationships; however, we would also develop a fundraising strategy which looks at how we can develop other income streams. This would include:

- Improve opportunities to increase donations.
- Maximise fundraising to support specific projects.
- Develop a number of schemes including for patrons, corporate giving and/or sponsorship, and legacy giving.

#### **3.7.1 Improve opportunities for visitors to make cash and cashless donations within the supersites.**

Increasingly, in the world of donations, cash is no longer king, and we must improve the potential for cashless giving. For example, the use of terminals provided by Thyngs, Square, PayPal Here, SumUp or Intuit, can facilitate cashless donations and are all simple and cost-effective means of facilitating donations.

However, it's also important to acknowledge that our donation boxes do bring in revenue, and we also intend to review the number, location and messaging which accompanies them in order to encourage wider giving.

#### **3.7.2 Pursue fundraising opportunities with trusts and foundations**

There are many trusts and foundations that can support specific project-based work which aligns with their charitable objectives. This could either be capital build, significant programmes of repair, or engagement projects with specific audiences, such as schools, young people, etc., as well as sponsorship for exhibitions, particularly in areas that cannot be funded through core budgets. This extends reach to audiences that do not currently engage with culture and heritage. It should be noted that we are unlikely to get specific fundraising to meet ongoing operational costs.

#### **3.7.3 Develop a laddered patron scheme that delivers additional benefits beyond annual membership**

There are many wealthy individuals who are seeking more than an annual membership. They want exclusivity and access, but they also want to know they are making a difference, and museums are increasingly tailoring their programmes to be able to support this through the development of patron schemes. For example, the Garden Museum in London offers a Patron scheme for £500 which offers:

- Invitations to exhibition Private View and other exclusive events
- An invitation to the Patron's lunch
- Free entry to the museum

- Discounts in the shop
- Free copies of the Museum Journal

Tate, on the other hand, offers patron schemes ranging from £1200 for 18-24 year olds and up to £12000 for a Platinum model that provides exclusive access to artists' studios, dinners with collectors, and museum directors. This indicates the flexibility and range which exists for such programming.

### **3.7.4 Explore the potential for a corporate scheme of giving and sponsorship to enable large local companies to support the service.**

There are opportunities to formalise corporate giving which offers cash to the museum and tax and other benefits to corporate sponsors. For example, The Baltic in Gateshead utilises a number of approaches in their corporate sponsorship programme. They receive income and in-kind support from a tiered range of organisations and individuals:

- Founders: Core funders who founded the gallery.
- Benefactors: Core funders who continue to maintain the gallery. These are public funding organisations such as ACE, Gateshead Council and Northumbria University.
- B.Partners: Corporate sponsorship. This programme starts at 5.5k per annum and offers discounts for sponsor staff, free space for meetings, VIP events, etc.
- Programme Supporters: Funders who support individual programmes, events or exhibitions.
- Patrons: Wealthy individuals who support the Baltic.

On a slightly smaller scale, Tullie House Museum in Carlisle offers three levels, ranging from £500 to £2500, which offers:

- Discounted room hire
- Guest passes to exhibitions
- Behind the scenes tours

Further research is required to ascertain the demand and associated finance structure which this would provide within Lincolnshire.

### **3.7.5 Legacy giving**

The service has already benefited from generous financial donations made through legacies or bequests made in wills, however this has not been formalised as a service. This does not need to be a complex development but does require support from legal services to ensure this can be managed effectively in-house.

This approach is now common across the sector, with both large and small organisations benefitting from this approach to support the charitable purposes of the organisation.

Legacies that would include the donation of objects or collections would be negotiated on a case-by-case basis in order to ensure that these do not incur significant financial expense to look after, and can be integrated into exhibitions and displays as appropriate.

### **3.7.6 Moving forward with fundraising**

There is no one-size-fits-all approach to fundraising, but it is an area that is increasingly well-supported by the Museums Association and Association of Independent Museums. A range of training courses are available, it is a growing area of specialism, and there are many creative opportunities to leverage this.

However, this would require additional resource in the form of fundraising specialists to be able to ensure that it can be managed effectively. It also requires a coordinated effort across the Heritage Service to ensure alignment of fundraising efforts with organisational resources which ensures that priority areas are aligned.

### **3.8 Ticketing strategy**

By necessity, our ticketing strategy must align with the freemium business model we intend to operate across both Supersites. This strategy must maximise returns but also provide sufficient increased value to our visitors to warrant their ongoing investment.

To implement this we are proposing to undertake a ticketing review which would assess current ticketing options and align them across the whole site. This would include the following:

- Assessing the benefit of the joint Castle ticket with the Cathedral which is now so popular that it is benefiting the Cathedral and potentially harming our own economic return.
- Test the price elasticity of demand of ticketing prices to ensure that we are getting the maximum return of our largest asset (Lincoln Castle).
- Review seasonal ticket pricing to test whether this would have an impact on demand in quieter seasons.
- As The Collection Museum & Art Gallery would move to a three season programme, ticketing options, including pricing, would need to be assessed.
- Develop a range of different ticketing options including annual membership and/or pay once/visit multiple times.

#### **3.8.1 Annual membership**

This allows audiences to engage with their favourite sites, for example, annual passes for individual or multiple sites. This is common for most museums with multiple sites. Birmingham Museums, for example, provides two tiers of membership, one that offers entry to all sites except Thinktank Science Museum, and one that includes it for an additional charge. Tickets are also available for individuals, two adults or families, as well as a range of other offers including free guided tours, family activities, e-newsletter and café/shop discount.

#### **3.8.2 Pay once/visit multiple times**

Alternatives to this approach allow visitors to buy a ticket and enjoy return visits free for a specific period of time, up to a year. Tullie House Museum in Carlisle offers adults the opportunity to buy two kinds of tickets, including a £10 ticket that allows return for free within a year, as well as a £6.50 single visit ticket. A similar system is used by the London Transport Museum.

The advantage of this approach is that it does not require the additional support required by an annual pass – discounts, free tours, etc., however there is no reason why a combination of these methods can be used together to offer a wide variety of promotions.

It’s important to highlight that Lincoln Castle already offers a wide range of ticketing options, including joint ticketing and annual membership, and so the proposals here are concerned with scaling up this approach across the rest of the service.

### 3.9 Other opportunities for commercial engagement

Other opportunities for commercialisation exist, noted below.

#### 3.9.1 New learning and engagement strategy

Both primary and secondary schools across England are under increasing pressure to deliver improved performance and this, in turn, has created opportunities to develop commercial services that deliver high impact education outcomes. This would include:

- Teacher CPD to embed heritage in the classroom to leverage the wider benefits of working with the service. Such programmes have been proven to deliver transformative outcomes in students and substantially improve student performance.
- The potential to develop a LEGO Education Innovation Centre which would offer a range of STEAM opportunities (Science, Technology, Engineering, Arts, Maths) that are unique to the county.
- GCSE and A Level programming that uses archive documents in a study day format to improve critical thinking skills and better prepare students for exams.

All of these opportunities could be fundraised externally so could be operated on a project by project basis; however there are also opportunities to leverage the existing relationship with David Ross through the David Ross Education Trust. By co-developing with DRET (and other academy chains) it would be possible to create deep-level partnerships to co-create services together.

While it is difficult to run museum education services at a profit, cost-neutrality is a realistic goal, which then provides scope for a year on year increase in education visitors, which would deliver a wider range of social and educational outcomes. At the same time, it’s important to recognise that a great deal of community engagement work is fundable and not integrating this is a missed opportunity.

#### 3.9.2 Ongoing efficiency savings – building a lean service

The Heritage Service has recently been through a restructure in order to create ongoing cost-savings that reflect LCC’s approach to financial prudence. The management team are committed to maintaining this approach to ensure that costs are maintained at budgeted levels, building the LEAN organisation that can deliver on our aspirations.

### 3.10 Core capabilities and management systems required

Developing a successful Commercial Strategy requires a change in organisational culture and a change in the skills of the team. These would be wide-ranging but would specifically include the following:

Audience segmentation	Understanding the underlying motivations why specific audience segments engage with culture and heritage and how that informs the development of successful programming.
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Interpretive master-planning	Understanding the key stories that can be told across the sites and how they would be represented across the sites in ways that enhance the offer for the public and which align with the wider temporary exhibition programme.
Financial management and commercial development	Although budget work has already been completed to support more effective management decision-making, a range of metrics are required to more effectively measure return on investment to ensure commercial programmes are delivering suitable returns.
Business model and value proposition design	Creating business models and value propositions that contribute to increased commercial income and improved visitor experience.
Participatory engagement and other new forms of museum engagement	Update skill base for engagement methodology in order to successfully widen the audience base.
Fundraising	A broad range of fundraising skills and expertise from Trusts & Foundations, national funding providers (ACE and HLF), corporate sponsorship, individual giving, etc.

### 3.11 Potential impact of Commercial programme

While there are many options for commercialisation of the service, those options presented in the tables below are characterised by the following:

- They complement and build on the freemium model proposed for our Supersites. Microsites would continue with their present entry arrangements.
- They maximise existing opportunities and infrastructure, for example by maximising retail and café income.
- They focus on those business development opportunities which are already common across the sector such as memberships, patronage and sponsorship schemes, for which there is already evidence of success.

Indicative targets related to this programme are noted in the table below, however all figures are included in the Heritage Service's operational budgets as noted in the Finance Case (Section 4.3.1). In most cases, the contributions made by the individual strands of the commercial programme are included in the respective site budgets, although the cross-site Development Activity strand has its own budget.

Commercial income - Supersite model

Lincoln Castle

Commercial strand	19/20	Comments	20/21	Comments	21/22	Comments	22/23	Comments	23/24	Comments
Admissions	£1,397,080	3% inflationary increase in ticketing. 3% increase in admissions based on growth in the visitor economy	£1,480,905	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy	£1,569,759	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy	£1,663,945	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy	£1,763,781	3% inflationary increase in ticketing 3% increase in admissions based on growth in the visitor economy
Commercial income	£135,000	Third party hire of our sites	£155,000	Third party hire of our sites	£175,000	Third party hire of our sites	£195,000	Third party hire of our sites	£215,000	Third party hire of our sites
Café	£26,000	10% increase in income after inflation	£28,000	5% increase in income after inflation	£30,000	5% increase in income after inflation	£31,000	3% increase in income after inflation	£32,000	3% increase in income after inflation
Retail	£60,000	10% increase in income after inflation	£63,000	5% increase in income after inflation	£66,000	5% increase in income after inflation	£68,000	3% increase in income after inflation	£70,000	3% increase in income after inflation
Donations	£20,000	Voluntary scheme with ticket purchase	£22,000	Marginal increase	£24,000	Marginal increase	£26,000	Marginal increase	£28,000	Marginal increase
<b>Total</b>	<b>£1,638,080</b>		<b>£1,748,905</b>		<b>£1,864,759</b>		<b>£1,983,945</b>		<b>£2,108,781</b>	

The Collection

Commercial strand	19/20	Comments	20/21	Comments	21/22	Comments	22/23	Comments	23/24	Comments
Admissions	£26,000	Ticket admission from two season programme	£24,000	Ticket admission from three season programme	£44,000	Ticket admission from three season programme	£30,000	Reduced ticket admission due to proposed capital works	£66,000	Increase in admissions following reopening of site.
Commercial income	£8,000	Third party hire of our sites	£9,000	Third party hire of our sites	£10,000	Third party hire of our sites	£6,000	Third party hire of our sites - reduced to proposed capital works	£12,000	Third party hire of our sites
Café	£8,000	Rent income	£15,000	Renegotiated contract	£15,000		£15,000		£15,000	
Retail	£21,000	Improved retail offer	£23,000	Growth in retail offer	£23,690	Further growth in retail	£15,000	Lower to represent reduced programming during capital build	£35,000	Growth following reopening
Donations	£20,000	Increased donations	£22,000	Increased donations	£24,000	Increased donations	£26,000	Increased donation	£40,000	Increased donations following reopening
<b>Total</b>	<b>£83,000</b>		<b>£93,000</b>		<b>£116,690</b>		<b>£92,000</b>		<b>£168,000</b>	

Cross-site Development Activity

Development Activity	19/20	Comments	20/21	Comments	21/22	Comments	22/23	Comments	23/24	Comments
Fundraising				Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build
Sponsorship				Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build		Assumed to be for capital build
Patron scheme			£10,000	20 people at £500 each	£11,000	22 people at £500 each	£12,000	24 people at £500 each	£13,000	26 people at £500 each
Corporate membership			£10,000	Two corporate sponsors	£15,000	Three corporate sponsors	£20,000	Four corporate sponsors	£25,000	Five corporate sponsors
Legacy giving			£10,000	Wills & bequests	£12,000	Wills & bequests	£13,000	Wills & bequests	£14,000	Wills & bequests
Annual membership scheme (cross-site)			£30,000	Introduction of annual membership scheme	£40,000	Annual memberships	£45,000	Annual memberships	£50,000	Annual memberships
<b>Total</b>	<b>£0</b>		<b>£60,000</b>		<b>£78,000</b>		<b>£90,000</b>		<b>£102,000</b>	

Key points of analysis:

Commercial activity for the Two Supersite model is characterised by a focus on the following:

- Creating higher performance at Lincoln Castle, increasing ticketing, as well as associated retail and café income. This will raise admissions income from around £1.4m in 2018/19 to £1.8m in 2023/24, as well as raise commercial hire from 115k in 2018/19 to 215k in 2023/24.
- Supporting delivery of initiatives at other sites to maximise income generating opportunities. This includes the generation of extra ticketing revenue at The Collection through the development of a three season temporary exhibitions programme, together with an uplift of associated retail activity.
- Renegotiation of the café contract to take the service in-house, allowing the service to exploit the expertise of running the café at Lincoln Castle and exploiting economies of scale.
- Introducing a Development Activity strand which facilitates a range of fundraising activity including annual passes, legacy giving, corporate giving, etc. This will not come online until 2020/21 but will generate a modest and achievable amount of over 350k over the course of this programme.
- Full data is evident in the operational budgets presented in the Financial Case.

### 3.12 Conclusions

The purpose of the commercial strategy is to indicate how this commercial approach can support all four investment objectives, but most specifically IO1:

- IO1: Establish a cultural enterprise model to support the long-term financial sustainability of the heritage service.

As indicated, this requires substantial work on Identity & Branding in order to bring purpose to the service and a clear outward-facing brand. Only then would it be possible to deliver more audience-focused exhibitions that would bring diversity and increase engagement, increased utility of our sites through the proposed supersite concept, and a portfolio of business models that are designed to increase commercial return. As previously stated,

The benefits of this are numerous:

- Eliminates over-reliance on one income stream and therefore dissipates financial risk as income streams change over time.
- Encourages a focus on the development of services that deliver on customer needs, wants and motivations, rather than those shaped by strong curatorial voices which are distant to the visitor.
- Fosters innovation as it requires us to change in-line with customer demand.
- Supports a 'one team' approach as many areas of the business are economically important, rather than seeing many areas as a drain on the resources of successful areas.
- Opens up the potential for new income streams to be generated from a number of different sources, and not just from a traditional exhibition-led approach.
- Develops new areas of expertise for the Heritage Service.
- Above all, it would support greater levels of financial sustainability.



While there are clear benefits to a commercial programme, there are also risks. Although there has been progress in recent years, there are few cultural enterprises that are entirely self-sustaining, and the journey toward full sustainability would be challenging, particularly in the short-term. Without a doubt, investment is required in the right people and in the tools that can better support fundraising and the development of commercial opportunities.

There are also cultural changes that are necessary within the Heritage Service. Few people choose culture as a career choice because they have a passion to generate commercial return, in fact the opposite is true, and there would be changes required in knowledge, skills and attitudes among staff within the Heritage Service.

Cultural change is also required within LCC itself. The Heritage Service is being asked to operate almost as a start-up, but one that also has significant legacies to engage with around its property portfolio and existing business model, and which must also operate within LCC's existing bureaucracy and democratic processes. This brings many benefits but it can also slow down the service's ability to respond to some opportunities.

Additionally, to what extent commercial or high profile donors would seek to donate to a council-branded service is open to question, and there is some research to be done to understand the potential impact of this and how potential risks can be mitigated through effective branding and communication.

Whatever these challenges, the same conclusion still stands. The future of the Heritage Service is entirely dependent on the successful commercialisation of the service and this should be the priority for the service going forward.

## 4 Financial Case

### 4.1 Introduction

The Financial Case demonstrates that the preferred option would result in a fundable and affordable scheme of work and which delivers return on investment given the data laid out in the Economic Case. It is split into two areas:

- The first relates to the estimated capital and revenue costs associated with the development of the two proposed Supersites (see section 4.2). This includes:
  - Indicative costs for building works required to create a supersite from the current site of The Collection Museum & Art Gallery
  - Highlighting the ongoing investment required at Lincoln Castle to increase revenue.
- The second relates to the ongoing operational costs related to the Heritage Service presented over six years (with 2018/19 being Year Zero and 2023/24 being Year Five. (see section 4.3)

### 4.2 Developing Two Supersites

#### 4.2.1 Developing the CMAG Supersite

As previously stated in the Strategic Case, the transition of The Collection Museum and Usher Gallery into a Supersite would require the closure of the Usher Gallery and undertaking a range of internal works to The Collection building, creating The Collection Museum & Art Gallery. This would create the capacity to significantly diversify the wider visitor offer and realise greater commercial returns.

We have undertaken a study of The Collection building in order to ascertain how we can create more flexible space within the museum which would support its transition into a Supersite. Indicative costs for this are noted below. These are options and all do not have to be completed; however there are cost efficiencies when those works selected take place at the same time.

<b>Location in The Collection</b>	<b>Cost (Exc. VAT)</b>
<b>1. Basement Level Exhibitions Gallery</b> Create a total of 427m <sup>2</sup> of exhibition space in the basement, including two galleries of 379m <sup>2</sup> and 48m <sup>2</sup> respectively.	£717,830
<b>2. Temporary Exhibitions Gallery Expansion</b> Reconfigure current permanent gallery into two spaces – a permanent gallery of 333m <sup>2</sup> and temporary gallery of 497m <sup>2</sup> , totalling 830m <sup>2</sup> .	£420,149
<b>3. Auditorium Flexibility</b> Make the seating foldaway to enhance flexibility.	£225,205
<b>4. Children's Play Area Flexibility</b> Create 63m <sup>2</sup> of display space in the area currently used as the children's play area.	£244,435
<b>5. Courtyard</b> Enclose the courtyard to enable display of large-scale pieces of archaeology and an external event space for ticketed events.	£62,780
<b>6. Mezzanine Education Space</b> Conversion of current learning spaces into a single display space of 115m <sup>2</sup> .	£311,684
<b>Total costs</b>	<b>£1,982,083</b>

These costs do not include costs for a new permanent exhibition which, depending on their level of sophistication, would cost £1000 - £3000 per m<sup>2</sup>, where the guiding assumption is that art is more cost effective to display, while objects that require specific cases, or sophisticated digital displays, are much more expensive to deliver.

To create the CMAG supersite areas 1 & 2 would have to be completed, however as stated in the Strategic Case, we would also anticipate making additional changes, so it's not possible to state at this time the extent of the proposed works. Estimating the full cost for this scheme of work is difficult without first undertaking a full master-planning exercise which is dependent on arriving at a final assessment of how spaces in the museum will be used. We envision this as the first stage in the fundraising process for this phase of the FuturePlan.

#### **4.2.2 Developing Lincoln Castle Supersite**

As highlighted in the Strategic Case, we also propose to make additional changes at Lincoln Castle to create more flexible space for exhibitions, events and commercial hire, as well as transforming the Heritage Skills Centre into a dedicated Learning Centre for the site. These proposed changes are not significant, however we would have to undertake a feasibility study and consultation with staff at Lincoln Castle to fully understand the direct and indirect costs associated with this option.

#### **4.2.3 Estimated costs for Supersite development**

We estimate the cost for this scheme of work at both CMAG and Lincoln Castle to be approx. £5million. We would expect to fundraise for around 70-80% of this figure which would be met from HLF, ACE and other public and private donors. Any expectation to meet 100% of the fundraising goal from external funding sources is unrealistic in today's economic climate, and it would be likely that LCC would have to contribute 20-30% of the total, including cash and in-kind donations. This makes LCC's likely contribution around £1-1.5m, depending on the final scheme of work, and would help to facilitate the following:

- Increased commercial return at Lincoln Castle and CMAG

- New temporary exhibition space created at CMAG
- New art gallery for the Usher collection
- New permanent installation at CMAG
- Better utilisation of existing assets at Lincoln Castle

As such, this investment is crucial to the success of the Cultural Enterprise model and the long-term sustainability of the Heritage Service and the realisation of the other objectives of this scheme of work.

### **4.3 Future Heritage Service Operating Costs**

The financial data laid out below covers a total of six years, starting with 2018/19 as a baseline or Year Zero, followed by a five year programme, Years 1 – 5, which ends in 2023/24. Two options have been provided to cover the two Supersite model and Status Quo options. However, it also needs to be remembered that this is part of a wider transition in the Heritage Service that has taken place since 2015 and which has already delivered a substantial net saving in the operating costs of the service since that time.

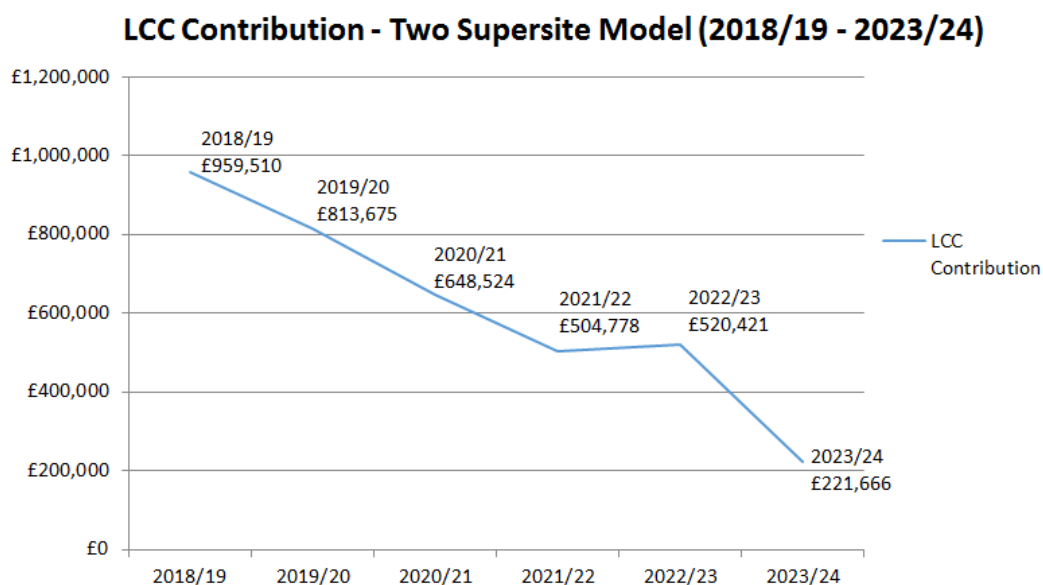
#### **4.3.1 Proposed two supersite model operating budget**

Full budgets for the six years of this programme of work can be found below and detail the financial performance of the Heritage Service under the two Supersite model. It is characterised by the following:

- Over the course of six years this model takes the Heritage Service from a deficit (the LCC contribution) of £959,510 (2018/19) to a deficit of £221,666 (2023/24). Year by year figures are noted in the table and graph below.
- Introduction of a commercially-focused programme which is intended to drive income generation at existing sites as well as through a range of new approaches in a Development Activity programme. This has been outlined in detail in the Commercial Case.
- Maintaining strong performance at Lincoln Castle as the financial powerhouse of the Heritage Service. This is reflected in increased admissions, but also includes performance improvements in associated areas such as café and retail.
- HLF/EU Funding for the Heritage Skills Centre ends Q4 21/22; however it is assumed that a similar programme will operate from 22/23 onwards so appropriate costs have been included.
- The Usher Gallery closes in 2022/23 with a saving of around 100k to the Heritage Service which is reflected in 2023/24 operating costs. This could occur earlier if all stakeholders were in agreement.
- A number of microsites pass into third party administration. Dates for these are noted in the site by site narrative.
- Capital works take place at The Collection during 2022/23 leading to lower overall performance as it's likely the site will be closed during works taking place.
- The Collection Museum & Art Gallery reopens in Q1 2023/24 with a new range of permanent and temporary exhibitions and will deliver a substantial uplift in visitors and income as a result. This is in line with the experience of Lincoln Castle Revealed as well as the wider sector's experience following substantial redevelopment projects.

- LCC's contribution for this option for the period 2018/19 – 2023/24 is noted below in both a table and graph formats.

Year	LCC Contribution – Two Supersite model
2018/19	£959,510
2019/20	£813,675
2020/21	£648,524
2021/22	£504,778
2022/23	£520,421
2023/24	£221,666



Heritage Service - Site by Site Narrative - Two Supersites Option							
Site	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
	18/19	19/20	20/21	21/22	22/23	23/24	
Supersite 1 Lincoln Castle	Lincoln Castle	Supersite already in operation	[Green bar with arrow]				
	Heritage Skills Centre	Current service is maintained	[Green bar with arrow]	Funding ends Q4 (March) 2022.	Maintenance of current programme (subject to funding) or site to be repurposed		
Supersite 2 The Collection Museum & Art Gallery (CMAG)	The Collection Museum	Ongoing development of temporary programme of exhibitions and events	[Green bar with arrow]			Usher Gallery closes end of Q4 22/23	The Collection Museum & Gallery Supersite opens (Q1).
	Usher Gallery		[Green bar with arrow]		Available for disposal		
Microsites to be maintained that support Lincolnshire DNA framework	BBFMC	Current service is maintained	[Green bar with arrow]				
	MLL	Current service is maintained	[Green bar with arrow]				
	Heckington Mill	Current service is maintained	[Green bar with arrow]				
Programmes	Aviation Heritage programme	Current service is maintained	[Green bar with arrow]	Programme ends Q1 (June) 2020.	[Black bar]		
	HLF Bursary Programme	Current service is maintained	[Green bar with arrow]			[Black bar]	
Microsites for disposal	GOH	Current service is maintained	Notice given to break contract in Oct 2019.	English Heritage take over in Oct 2020 (start of Q2).			
	Stamford	Current service is maintained	Passed on to third party by end of Q4	[Black bar]			
	Alford Mill	Passed on to third party by end of Q4	[Black bar]				
	Burgh-le-Marsh	Current service is maintained	Passed on to third party by end of Q4.	[Black bar]			

Key:  Site to be maintained long-term  Site available for disposal or repurposing  
 Site to be disposed or programmes that have ended  Not within scope

Future Heritage Service - Two supersite model: Lincoln Castle & The Collection Museum & Art Gallery

2018/19	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-1,849,601	-85,878	-198,078	-181,153	-154,450	-256,260	-142,012	-1,655	-7,243	30		-140,000	-3,016,299
<b>STAFFING COSTS</b>	686,018	115,882	89,822	336,166	454,432	158,073	101,694	51,895					1,993,983
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	185,865	68,997	3,931	480,711		45,577		25,050	6,860	3,239			820,230
Transport-Related Expenditure	5,464	642	2,933	10,678	273	1,520	9,811			82			31,403
Supplies & Services	475,379	32,389	78,855	148,134	48,552	58,689	67,168	2,513	78	503			912,260
Other supplies/services	29,702		256			9,975						178,000	217,933
<b>Total Non Pay Costs</b>	696,410	102,028	85,975	639,523	48,825	115,761	76,979	27,563	6,938	3,824		178,000	1,981,826
<b>Total Expenditure</b>	1,382,428	217,910	175,797	975,689	503,257	273,834	178,673	79,458	6,938	3,824		178,000	3,975,809
<b>(Surplus)/Deficit</b>	-467,173	132,033	-22,281	794,536	348,807	17,574	36,661	77,803	-305	3,854		38,000	959,510

2019/20	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-1,991,114	-88,773	-204,614	-216,024	-118,210	-256,260	-142,012	-42,655		30		-197,000	-3,256,633
<b>STAFFING COSTS</b>	711,180	126,616	93,776	348,210	420,643	165,206	104,186	53,325					2,023,142
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	191,999	71,274	4,061	496,574		47,081		25,877	4,925	3,346			845,136
Transport-Related Expenditure	5,644	663	3,030	11,030	303	1,570	6,125			85			28,450
Supplies & Services	491,067	33,458	81,457	153,022	50,118	60,626	69,385	2,596	81	520			942,329
Other supplies/services	30,682		264			10,304						190,000	231,251
<b>Total Non Pay Costs</b>	719,392	105,395	88,812	660,627	50,421	119,582	75,509	28,473	5,006	3,950		190,000	2,047,166
<b>Total Expenditure</b>	1,430,572	232,011	182,588	1,008,837	471,064	284,787	179,696	81,797	5,006	3,950		190,000	4,070,308
<b>(Surplus)/Deficit</b>	-560,542	143,237	-22,027	792,813	352,854	28,527	37,684	39,142	5,006	3,980		-7,000	813,675

2020/21	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,110,923	-91,525	-210,957	-224,024	-121,875	-153,756	-35,503	-42,655			-60,000	-201,000	-3,252,219
<b>STAFFING COSTS</b>	727,971	129,424	96,114	356,247	429,481	84,500	26,580	54,463					1,904,782
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	197,950	73,483	4,187	511,968		24,270		26,679	991				839,529
Transport-Related Expenditure	5,819	684	3,124	11,372	312	809	1,531						23,652
Supplies & Services	506,290	34,495	83,982	157,766	51,672	31,253	17,346	2,676	83				885,563
Other supplies/services	31,633		273			5,312						210,000	247,218
<b>Total Non Pay Costs</b>	741,693	108,662	91,565	681,107	51,984	61,644	18,877	29,355	1,074			210,000	1,995,962
<b>Total Expenditure</b>	1,469,664	238,086	187,680	1,037,354	481,465	146,144	45,457	83,818	1,074			210,000	3,900,743
<b>(Surplus)/Deficit</b>	-641,260	146,561	-23,278	813,330	359,590	-7,612	9,954	41,163	1,074		-60,000	9,000	648,524



2021/22	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,236,359	-94,363	-217,497	-247,014	-125,653			-42,655			-78,000	-154,000	-3,195,541
<b>STAFFING COSTS</b>	745,164	125,751	98,511	364,489	438,501			55,625					1,828,041
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	204,087	75,761	4,316	527,839				27,506	991				840,501
Transport-Related Expenditure	6,000	705	3,221	11,725	322								21,972
Supplies & Services	521,985	35,564	86,586	162,657	53,274			2,759	86				862,910
Other supplies/services	32,614		281									114,000	146,895
<b>Total Non Pay Costs</b>	764,685	112,031	94,404	702,221	53,595			30,265	1,077			114,000	1,872,278
<b>Total Expenditure</b>	1,509,849	237,781	192,915	1,066,710	492,097			85,891	1,077			114,000	3,700,319
<b>(Surplus)/Deficit</b>	-726,510	143,419	-24,582	819,696	366,444			43,236	1,077		-78,000	-40,000	504,778

2022/23	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,360,812	-97,288	-224,239	-179,130	-129,548			-42,655			-90,000		-3,123,672
<b>STAFFING COSTS</b>	762,768	135,004	100,968	338,541	447,707			56,811					1,841,800
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	210,414	78,110	4,450	544,202				28,359	991				866,526
Transport-Related Expenditure	6,186	727	3,320	12,088	332								22,653
Supplies & Services	538,166	36,667	89,270	157,239	54,925			2,845	88				879,200
Other supplies/services	33,625		290										33,915
<b>Total Non Pay Costs</b>	788,390	115,504	97,330	713,530	55,257			31,203	1,079				1,802,294
<b>Total Expenditure</b>	1,551,158	250,507	198,299	1,052,071	502,964			88,015	1,079				3,644,094
<b>(Surplus)/Deficit</b>	-809,653	153,219	-25,941	872,941	373,416			45,360	1,079		-90,000		520,421

2023/24	Lincoln Castle	MLL	BBMFC	The Collection Museum & Art Gallery	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,491,101	-100,304	-231,191	-334,430	-133,564			-42,655			-102,000		-3,435,245
<b>STAFFING COSTS</b>	780,795	137,904	103,486	321,467	457,103			58,022					1,858,777
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	216,936	80,531	4,588	501,073				29,238	991				833,357
Transport-Related Expenditure	6,377	749	3,423	12,463	342								23,355
Supplies & Services	554,849	37,804	92,037	162,114	56,628			2,933	91				906,456
Other supplies/services	34,667		299								0		34,966
<b>Total Non Pay Costs</b>	812,830	119,084	100,348	675,649	56,970			32,171	1,082		0		1,798,134
<b>Total Expenditure</b>	1,593,625	256,989	203,834	997,116	514,072			90,193	1,082		0		3,656,911
<b>(Surplus)/Deficit</b>	-897,476	156,685	-27,357	662,686	380,508			47,538	1,082		-102,000		221,666

### Budget notes related to the two Supersites option:

1. 50% of the Cultural Services Manager and 50% of the Archives Manager salaries and associated on-costs have been removed from the Central budget and are now located in the Cultural Services and Archives budgets respectively, reflecting their individual remit.
2. Most activity laid out in the Commercial Case is represented within the improved admissions, café, retail, donations and commercial hire activity at each Supersite. All other cross-site activity, including corporate memberships, patronage schemes, annual (cross-site) passes, is represented within Development Activity. This wider development activity is not evident until 20/21 at the earliest.
3. Fundraising is focused on the project build and would be represented within capital build project budgets.
4. All sites which are closed have their budgets switched off. In the case of those sites in which a change occurs mid-year then pro-rata income/expenditure calculations have been applied.
5. The Heritage Service assumes an annual staffing budget across this entire programme of no more than that budgeted 2018/19 (subject to LCC salary increases).
6. Windmills budget includes Alford, Burgh le Marsh and Heckington. Ellis Mill's budget is included in MLL budgets.
7. The LGPS rate is assumed to be 16.4%; however this does not include the cash contribution.

#### 4.3.2 Status Quo Operating Budgets

Full budgets for the six years of this programme of work can be found below and detail the financial performance of the Heritage Service if a status quo model was operated. It is characterised by the following:

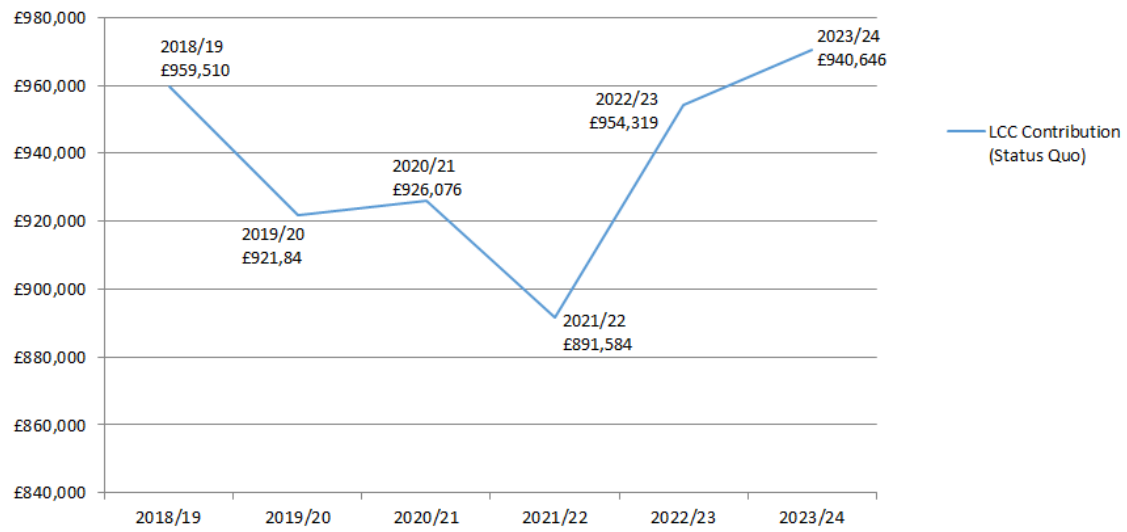
- Maintenance of the current offer as it is today.
- No commercial programme development, although incremental admissions income from inflationary increases is included.

Headline performance data:

- Over the course of six years this model takes the Heritage Service from a deficit (LCC's contribution) of £959,510 (2018/19) to a deficit of £970,646 (2023/24). Year by year and this is indicated in the graph below.
- For the duration of this business case the incremental growth at Lincoln Castle is marginally more than the inflationary increase in costs, however by 2023/24 this has almost been eradicated.

Year	LCC Contribution – Status Quo model
2018/19	£961,116
2019/20	£921,844
2020/21	£926,076
2021/22	£891,584
2022/23	£954,319
2023/24	£970,646

### LCC Contribution - Status Quo Model (2018/19 - 2023/24)



Future Heritage Service - Status Quo Model

2018/19	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-1,849,601	-85,878	-198,078	-181,153	-154,450	-256,260	-142,012	-1,655	-7,243	30		-140,000	-3,016,299
<b>STAFFING COSTS</b>	686,018	115,882	89,822	336,166	454,432	158,073	101,694	51,895					1,993,983
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	185,865	68,997	3,931	480,711		45,577		25,050	6,860	3,239			820,230
Transport-Related Expenditure	5,464	642	2,933	10,678	273	1,520	9,811			82			31,403
Supplies & Services	475,379	32,389	78,855	148,134	48,552	58,689	67,168	2,513	78	503			912,260
Other supplies/services	29,702		256			9,975						178,000	217,933
<b>Total Non Pay Costs</b>	696,410	102,028	85,975	639,523	48,825	115,761	76,979	27,563	6,938	3,824		178,000	1,981,826
<b>Total Expenditure</b>	1,382,428	217,910	175,797	975,689	503,257	273,834	178,673	79,458	6,938	3,824		178,000	3,975,809
<b>(Surplus)/Deficit</b>	-467,173	132,033	-22,281	794,536	348,807	17,574	36,661	77,803	-305	3,854		38,000	959,510

2019/20	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-1,903,923	-88,773	-204,614	-183,673	-118,210	-256,260	-142,012	-42,655	-7,243	30		-197,000	-3,144,335
<b>STAFFING COSTS</b>	711,180	120,326	93,776	348,210	420,643	165,206	104,186	53,325					2,016,852
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	191,999	71,274	4,061	496,574		47,081		25,877	7,086	3,346			847,297
Transport-Related Expenditure	5,644	663	3,030	11,030	303	1,570	6,125			85			28,450
Supplies & Services	491,067	33,458	81,457	153,022	50,118	60,626	69,385	2,596	81	520			942,329
Other supplies/services	30,682		264			10,304						190,000	231,251
<b>Total Non Pay Costs</b>	719,392	105,395	88,812	660,627	50,421	119,582	75,509	28,473	7,167	3,950		190,000	2,049,327
<b>Total Expenditure</b>	1,430,572	225,721	182,588	1,008,837	471,064	284,787	179,696	81,797	7,167	3,950		190,000	4,066,179
<b>(Surplus)/Deficit</b>	-473,352	136,948	-22,027	825,164	352,854	28,527	37,684	39,142	-76	3,980		-7,000	921,844

2020/21	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-1,962,945	-91,525	-210,957	-186,906	-121,875	-264,204	-35,503	-42,655	-7,243	30		-201,000	-3,124,783
<b>STAFFING COSTS</b>	727,971	123,009	96,114	356,247	429,481	169,000	26,580	54,463					1,982,866
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	197,950	73,483	4,187	511,968		48,540		26,679	7,306	3,450			873,564
Transport-Related Expenditure	5,819	684	3,124	11,372	312	1,619	1,531			87			24,548
Supplies & Services	506,290	34,495	83,982	157,766	51,672	62,506	17,346	2,676	83	536			917,352
Other supplies/services	31,633		273			10,624						210,000	252,530
<b>Total Non Pay Costs</b>	741,693	108,662	91,565	681,107	51,984	123,289	18,877	29,355	7,389	4,073		210,000	2,067,994
<b>Total Expenditure</b>	1,469,664	231,671	187,680	1,037,354	481,465	292,289	45,457	83,818	7,389	4,073		210,000	4,050,860
<b>(Surplus)/Deficit</b>	-493,281	140,145	-23,278	850,449	359,590	28,085	9,954	41,163	146	4,103		9,000	926,076

2021/22	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,023,796	-94,363	-217,497	-190,238	-125,653	-272,394		-42,655	-7,243	30		-154,000	-3,127,809
<b>STAFFING COSTS</b>	745,164	125,751	98,511	364,489	438,501	181,223		55,625					2,009,264
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	204,087	75,761	4,316	527,839		50,045		27,506	7,533	3,557			900,644
Transport-Related Expenditure	6,000	705	3,221	11,725	322	1,669				90			23,731
Supplies & Services	521,985	35,564	86,586	162,657	53,274	64,443		2,759	86	552			927,906
Other supplies/services	32,614		281			10,953						114,000	157,848
<b>Total Non Pay Costs</b>	764,685	112,031	94,404	702,221	53,595	127,110		30,265	7,618	4,199		114,000	2,010,129
<b>Total Expenditure</b>	1,509,849	237,781	192,915	1,066,710	492,097	308,334		85,891	7,618	4,199		114,000	4,019,393
<b>(Surplus)/Deficit</b>	-513,947	143,419	-24,582	876,472	366,444	35,939		43,236	375	4,229		-40,000	891,584

2022/23	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,086,534	-97,288	-224,239	-193,674	-129,548	-280,839		-42,655	-7,243	30			-3,061,990
<b>STAFFING COSTS</b>	762,768	135,004	100,968	372,921	447,707	185,220		56,811					2,061,400
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	210,414	78,110	4,450	544,202		51,597		28,359	7,766	3,667			928,564
Transport-Related Expenditure	6,186	727	3,320	12,088	332	1,721				93			24,466
Supplies & Services	538,166	36,667	89,270	167,699	54,925	66,441		2,845	88	569			956,671
Other supplies/services	33,625		290			11,292							45,207
<b>Total Non Pay Costs</b>	788,390	115,504	97,330	723,990	55,257	131,051		31,203	7,854	4,329			1,954,909
<b>Total Expenditure</b>	1,551,158	250,507	198,299	1,096,911	502,964	316,271		88,015	7,854	4,329			4,016,308
<b>(Surplus)/Deficit</b>	-535,375	153,219	-25,941	903,237	373,416	35,433		45,360	611	4,359			954,319

2023/24	Lincoln Castle	MLL	BBMFC	The Collection	Central	GOH	Aviation Heritage	Heritage Skills Centre	Windmills	Stamford	Development Activity	HLF Bursary	Heritage Service Total
<b>INCOME</b>	-2,151,216	-100,304	-231,191	-197,216	-133,564	-289,545		-42,655	-7,243	30			-3,152,904
<b>STAFFING COSTS</b>	780,795	137,904	103,486	381,420	457,103	189,309		58,022					2,108,039
<b>NON PAY COSTS</b>													
Premises-Related Expenditure	216,936	80,531	4,588	561,073		53,196		29,238	8,007	3,780			957,350
Transport-Related Expenditure	6,377	749	3,423	12,463	342	1,774				96			25,225
Supplies & Services	554,849	37,804	92,037	172,898	56,628	68,501		2,933	91	587			986,328
Other supplies/services	34,667		299			11,643					0		46,609
<b>Total Non Pay Costs</b>	812,830	119,084	100,348	746,434	56,970	135,113		32,171	8,098	4,463	0		2,015,511
<b>Total Expenditure</b>	1,593,625	256,989	203,834	1,127,854	514,072	324,422		90,193	8,098	4,463	0		4,123,550
<b>(Surplus)/Deficit</b>	-557,591	156,685	-27,357	930,638	380,508	34,878		47,538	855	4,493	0		970,646

## Notes

1. 50% of the Cultural Services Manager and 50% of the Archives Manager salaries and associated on-costs have been removed from the Central budget and are now located in the Cultural Services and Archives budgets respectively, reflecting the nature of their roles.
2. No commercial activity is undertaken in the Status Quo model.
3. This assumes an LGPS of 16.4%, however this does not include the cash contribution.

## 4.4 Conclusions

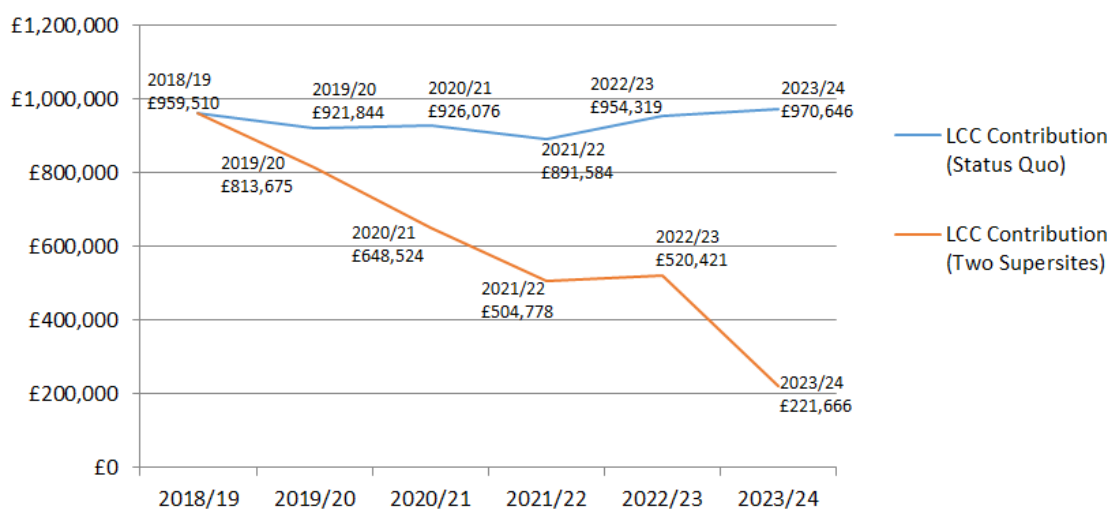
This Financial Case has presented two sets of financial data, one for the proposed two Supersite model and one for the Status Quo model.

- The Supersite model implemented a change programme based on the creation of two Supersites at Lincoln Castle and The Collection, the passing on of some Microsites to third parties, some efficiency savings, as well as the introduction of a Commercial programme which has been previously detailed in the Commercial Case.
- The Status Quo model maintained incremental growth and assumed that all sites within the present Heritage Service portfolio would be maintained as is.

The headline comparative data for both models is detailed in the table and graph below.

Year	LCC Contribution (Status Quo)	LCC Contribution (Two Supersites)
2018/19	£959,510	£959,510
2019/20	£921,844	£813,675
2020/21	£926,076	£648,524
2021/22	£891,584	£504,778
2022/23	£954,319	£520,421
2023/24	£970,646	£221,666

**LCC Contribution to Heritage Service - Comparative Data (2018/19 - 2023/24)**



The Status Quo model would deliver marginal savings initially. This is based on incremental performance improvements at Lincoln Castle, however these would be eaten away by rising costs at the other sites by the end of this scheme of work.

However, with the right investment at both The Collection and Lincoln Castle to create two Supersites, as well as efficiency savings and a commercial programme would deliver substantial income improvements over time. This would reduce LCC's contribution to the Heritage Service substantially over the course of this scheme of work.



## 5 Management Case

### 5.1 Introduction

The Management Case demonstrates that the preferred operation is capable of being delivered successfully, in accordance with LCC's recognised best practice.

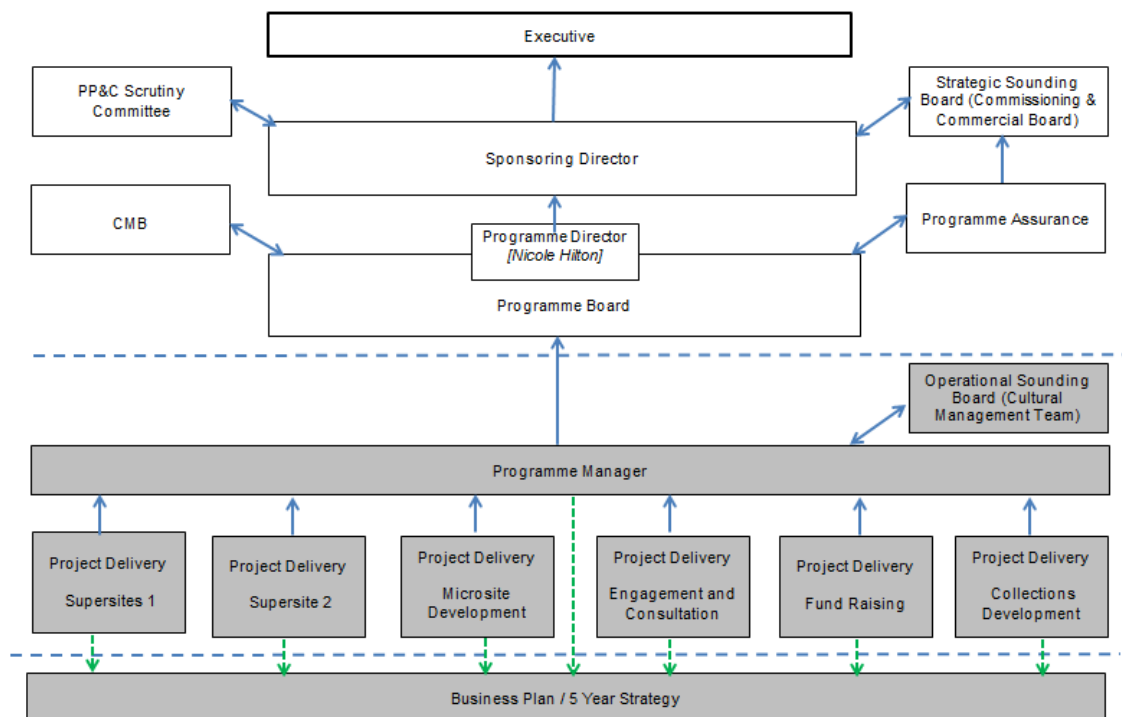
This section of the business case requires the spending authority to demonstrate that the spending proposal would be implemented in accordance with a recognised Programme and Project Management (PPM) methodology and that there are robust arrangements in place for change management and contract management, the delivery of benefits and the management and mitigation of risk.

It also requires the spending authority to specify the arrangements for monitoring (including key performance indicators) during implementation and for post implementation evaluation, as well as for Gateway reviews (if applicable), and the contingency plans for risk management of the scheme. The proposed approach is detailed below.

### 5.2 Programme and Project Management Methodology (PPM), Structure & Resources

This programme of work would be carried out in-line with LCC's own project management approach. This is a well-established methodology which is familiar to the organisation and draws on established practices from *Managing Successful Programmes* and *Prince 2.0* certifications.

The governance structure is outlined below.



The programme board is made up of the following:

- Programme Director
- Programme Manager
- Programme Administrator/Secretariat

- Audit
- Legal

And representation from the following LCC service area areas;

- Commercial
- Corporate Property
- Finance
- Corporate Communications
- Community Engagement
- Heritage Services
- People Management
- IMT

Additional representation from other officers within the Council may be required from time to time and attendance would be agreed by the Programme Director.

Terms of Reference have already been agreed and the board has been meeting since July 2018. The primary purpose of the Programme Board is to drive the Heritage Services Operating Model Change Programme forward; providing collaborative strategic leadership to ensure a successful conclusion to the programme. In order to achieve this, the Board would;

- Take decisions and make recommendations to appropriate committees to enable matters to be progressed.
- Ensure any issues and risks are raised so that potential consequences are mitigated.
- Demonstrate benefits realisation of individual projects, ensuring delivery of key commitments, objectives and milestones.
- Monitor and manage programme expenditure, highlighting cost pressures and potential efficiencies/savings.
- Coordinate the delivery of the programme, identifying the correlating impact of decisions made and interdependencies with other developments within the Council and other key stakeholders.
- Maintain a focus on staffing issues, including organisational culture.
- Give consideration to reputational issues that may impact on the standing of the Council, its staff and other stakeholders.
- Provide appropriate preparation for and attention to Board meetings.
- The programme would be managed by a Programme Manager with support from dedicated Project Officers and members of the Cultural Management Team to ensure that this programme of work can meet ongoing deadlines.

In addition, many of the aspects laid out in the Commercial Case would be delegated directly to the Cultural Management Team via the Programme Manager which is made up by a number of senior managers from across the service. This would typically include aspects such as development of ongoing interpretation across the sites, research around ticketing and pricing, etc.

There are currently a number of senior manager vacancies within the team and recruitment of these would be carried out in-line with the changes proposed in this business case in order to ensure that the strongest and most appropriate candidates are sourced.

It is expected that the structure noted above would remain in place until the next stage of this project is developed following feedback from this report and after the consultation period has been completed, dates of which are outlined below.

### 5.3 Programme Management Plans

Noted below are two timelines. The first is the initial timeline of the programme which takes us through the key gateways, including the consultation process, which allows the project to proceed as noted in this business case.

Date	Action
Ongoing	Stakeholder Analysis & Communications
18 <sup>th</sup> December 2018	Informal Executive
14 <sup>th</sup> January 2019	Publication of Proposals
22 <sup>nd</sup> January 2019	Public Protection and Scrutiny
5 <sup>th</sup> February 2019	Executive Decision
6 <sup>th</sup> February 2019	Consultation Begins (10 weeks)
March 2019	Mid Consultation Review
April 2019	End of Consultation
April 2019	Analysis of Consultation
TBC	Public Protection and Scrutiny
TBC	Executive Decision
TBC	Implementation Plan based on approval

### 5.4 Timeline for the proposed works

The timeline for the proposed works depends has been previously noted in the Financial Case (See 4.4.1).

As a whole, this is an ambitious scheme of work which builds on the achievement of previous projects such as original build at The Collection and, more recently, Lincoln Castle Revealed. As with these projects, it requires the support of many teams across LCC, including those listed within the Programme Board, as well as a wide range of stakeholders both internal and external to LCC.

### 5.5 Use of external contractors

The programme of work requires the development of a Cultural Enterprise model for the Heritage Service. As such, it requires the utilisation of expertise that currently sits outside of LCC and it would be necessary to bring in a number of external contractors, either to undertake specific schemes of work or to help build capacity of the existing team. This includes:

Contractor	Expertise
Interpretive master-planning	Refers to the planning and design of the museum or heritage experience in order to ensure that it delivers a coherent story, a wide range of appropriate outcomes and, in this case, is coordinated across sites and timelines to ensure a truly complementary programme across supersites to deliver the Lincolnshire DNA.
Fundraising	Now incorporates a wide-range of fundraising expertise to generate

	income from donations, wealthy individuals, corporates, etc.
Audience development	The process of understanding particular audience segment needs and integrating them into an ongoing public programme of exhibitions and events. This is concerned with attracting and retaining segments.
Business model & value proposition development	The quality of a product is no longer the only driver that will guarantee long-term sustainability of the Heritage Service. It is necessary to be able to understand how that product creates value for audiences (in order to attract them in the first place) and how income can be generated from those audiences. Business model & value proposition design are concerned with these processes.
Exhibition design	A traditional process of ensuring the look and feel of an exhibition delivers a high quality experience that also delivers a wide range of outcomes.

Each of these would be procured in-line with LCC's existing procurement processes to ensure quality and value for money given the available budget.

It is also worth highlighting that any building works commissioned as part of this programme will also require the use of a number of external contractors. LCC has considerable expertise in this area within Corporate Property and the Heritage Service welcomes the opportunity to work more closely with our colleagues to successful procurement and project delivery.

### **5.6 Impact on Heritage Service organisational structure**

The proposed move to a supersite model would have an impact across the entire team, including that of the senior management team, in order to ensure that available resources are aligned to deliver against all investment objectives. It should be noted that for the duration of this programme, including after any potential organisational restructure that may take place, the overall staffing budget would not be increased from the 18/19 budget.

Design of a new team would take place using LCC's Organisation Design Toolkit which has been prepared to support managers to address key issues including career development, resourcing cross-functional departments, providing flexibility for changing demands, avoiding duplication of work, and ensuring effective integration of services.

We would also work with HR who would use the consultation task list which outlines the key events leading up to, during and after the consultation process, as well as HR-approved pre-engagement methods to prepare staff for this process.

### **5.7 Change and Contract Management Arrangements**

Substantial work has been undertaken in the last 12 months to understand the legal and contractual commitments related to all our existing sites. This underpins the development of the Supersite concept and we are confident that we understand the legal position of these properties and that it would not delay implementation of this scheme of work.

Members of the Cultural Management Team have already undertaken a wide range of engagement with key stakeholders with whom we have developed strong relationships in order to ascertain their feedback and would continue to do so in advance of the formal consultation.

The formal consultation process which is due to begin in February 2019 and outlined in the schedule above has been designed by CMT with LCC's Community Engagement Team, together with input and expertise from LCC's Legal team. This would ensure that there is absolute clarity over the purpose of the consultation and support the implementation of a best-practice approach to consultation that would not delay this programme of work.

We intend to consult on the changes proposed to the heritage service, including the concept of Supersites. Key messages would include:

- We're extremely proud of our heritage sites, but we think there is the potential to do much more.
- We're developing a blueprint for the future of local heritage attractions, which would include investment in our sites to diversify our offer and improve the financial sustainability of our Heritage Service.
- The proposals would dramatically improve what the county has to offer Lincolnshire residents and inbound visitors, helping to deliver a wide range of social outcomes and boost the local tourism economy.

The purpose of this consultation is to:

- Generate enthusiasm for the proposals, and ascertain alternative suggestions, for the future of the Heritage Service.
- Minimise any criticism stemming from the proposed closure of/changes within our current property portfolio.
- Keep stakeholders well-informed throughout the process.

Consultation would take place with both internal and external stakeholders with 150+ types or groups having been identified. This includes, but is not limited to.

Internal	External
<ul style="list-style-type: none"> <li>• Executive councillors</li> <li>• Local ward members</li> <li>• Other county councillors</li> <li>• Trade unions</li> <li>• Heritage staff</li> <li>• Heritage volunteers</li> <li>• Other LCC staff</li> </ul>	<ul style="list-style-type: none"> <li>• Heritage stakeholders/partner organisations</li> <li>• Lincolnshire MPs</li> <li>• Relevant district, town, parish councils</li> <li>• Site visitors</li> <li>• Media</li> <li>• General public</li> </ul>

### 5.7.1 Changes following consultation

Any changes to the programme of work after the Consultation process would be managed by the Programme Manager following discussion from the Programme Board. This would ensure that they are integrated within the scheme of work as it progresses.

## 5.8 Benefits Realisation

Benefits realisation typically spans the pre and post-delivery phases of a project to ensure that outcomes (and outputs) don't fall short of their original promise. It brings clarity to the articulation of the proposed benefits and also ensures accountability following the project's delivery. It's typically formed of three areas:

- Definition: clearly defined range of benefits and outcomes
- Planning: defines all changes needed to maximise benefits
- Realisation: ensures that plans are carried out and benefits maximised.

The Economic Case contains the four Investment Objectives and the evidence we would be collecting in order to ascertain success/failure. Resources will be used appropriately so that they are invested in collecting only that data which is necessary to underpin the development of the service.

We also propose to use the Heritage Lottery Fund's Outcomes Framework for the development of the proposed project which are noted in Appendix 5A. This currently has three outcomes (Outcomes for People, Outcomes for Heritage, and Outcomes for communities), but may be changed following HLF's current reassessment of their funding programmes which is due to be unveiled in January 2019. Both LCC and the Heritage Service are already familiar with this framework as it was used to support the highly successful transformation that was delivered in the Lincoln Castle Revealed project.

## 5.9 Creation of a Heritage Service Advisory Board

We propose that a new Heritage Service Advisory Board is established which is made up of those with core expertise within the wider cultural enterprise sphere. As with a traditional board of trustees, which is not possible with the current governance structure, this group would advise the Head of Cultural Services and wider LCC members to support the delivery of the investment objectives noted in the Strategic Case.

Their expertise would reflect those areas that are required to support this programme of work. This would include:

- People with a range of hard or technical skills. This would include, but is not limited to, financial, legal, management, commercial, fundraising, etc., who can ask and answer questions, and also offer an independent voice to support the development of the Heritage Service.
- Those people with a range of expertise from the wider culture and heritage sector. These are people who can advise on the future direction of the service with regards to the exhibitions and events that are planned, to share expertise, etc.
- People from the local community. Those people who are part of and understand local communities and can ensure that their voice is present in key discussions about the development of opportunities going forward.

The intention of this board is not to replace the expertise provided by LCC but to augment it to ensure that there is a balanced view that takes into account the commercial and wider audience considerations which now underpin the Heritage Service.

### **5.10 Risk Management**

Risks and Issues for the delivery of this programme of work would be managed using the agreed methods as outlined in LCC's Project Management Toolkit with responsibilities outlined as follows:

- Risks are identified by the Programme Manager with support from the wider team and documented within the RAID log. These are reviewed regularly and resolved at a local level with support from the Cultural Management Team, if appropriate.
- The Project Sponsor and Programme Board will advise on the status of these risks and potential mitigations, if they can't be mitigated by the Programme Manager and/or the Cultural Management Team.
- If further escalation is required to mitigate any risk then it will be raised with the Programme Sponsor.
- The Heritage Service Advisory Board (once established) would also monitor long-term and strategic risks that would impact on the performance of the service.
- LCC's Audit team would ensure compliance with the programme's risk management through regular gateway reviews and would formally report with recommendations for further action.

### **5.11 Monitoring and implementation**

Monitoring during implementation would be carried out at a number of levels and given the scope of works outlined, and would be proportionate to the significance of the work undertaken.

- The Programme Manager would monitor progress based on the associated action plans for each strand of work and the associated milestones. Each strand would have its own Project Officer who would be responsible for their scheme of work.
- The Programme Board would continue to monitor the project and would hold the Programme Manager to account. Changes to the implementation plan would be agreed and recorded in the project's documentation.
- As funding is likely to come from a number of sources, each funder would have their own monitoring criteria and milestones which would have to be reported at regular intervals.
- The Interpretation Steering Board would monitor progress of the commercial development of the service with support from the Cultural Management Team.

### **5.12 Post-implementation evaluation arrangements**

A mixture of formal and informal evaluation would take place post-implementation.

- HLF, ACE and other funders would require a range of formal evaluation reporting at regular periods during the post-evaluation period. Reporting would be based on the HLF outcomes.
- We would commission an independent evaluation that formally assesses the project's delivery of the four investment objectives. This would be a combination of qualitative and quantitative aspects.



- While the Programme Board may no longer be running in the current format, formal reporting of the project would be made to the appropriate board at LCC. This would include feedback ascertained from the Advisory Board.
- A series of qualitative discussions based with key stakeholders would be undertaken to ascertain the impact of the project on them and the communities they represent.
- The project team would conduct its own informal evaluation within four broad sections in order to embed the learning from this project going forward.
  - What went well?
  - What didn't go well?
  - What improvements could be made?
  - How can feedback be implemented in projects going forward?
- Those business as usual aspects would be incorporated into the duties of the Cultural Management Team. This would include, for example, the planning and performance of the commercial programme within a robust reporting framework.
- A range of potential KPIs have also been identified and have been listed within the Economic Case.

### **5.13 Contingency arrangements**

As outlined within the Strategic Case, the proposed option is to operate the Heritage Service under a Cultural Enterprise model with two Supersites based at Lincoln Castle and The Collection Museum & Art Gallery. If this option was not viable, the contingency options are as follows:

Contingency	Impact
Operate Heritage Service as Cultural Enterprise with only one Supersite – Lincoln Castle.	<ul style="list-style-type: none"> <li>• Lincoln Castle still requires investment in order to maintain performance.</li> <li>• The Collection's financial performance is held back by a significant rates bill and without investment its financial contribution will always be held back.</li> <li>• Fewer visitors at The Collection over time. Its permanent exhibition is now 13 years old, three years older than what is considered permanent by the sector.</li> <li>• Likely to require closure of other Heritage Sites in order to control costs, potentially leading to long term decline of the Heritage Service and associated risk to the reputation of LCC.</li> <li>• Note that some sites cannot be closed due to contractual agreements already in place. Additionally, closing the</li> <li>• Usher Gallery would still require additional space to be created at The Collection</li> </ul>
Extend timescale for development works over a longer period of time	<ul style="list-style-type: none"> <li>• Additional costs incurred to maintain properties and service commitments over a longer period of time.</li> <li>• Impact on timing of exploiting commercial opportunities, depending on when physical changes to The Collection take place, leading to lower levels of financial sustainability for the Heritage Service.</li> <li>• LCC would need to financially support Heritage Service for longer or agree to further cutbacks to achieve cost neutrality.</li> </ul>
Do nothing while researching other ways to deliver a more limited range of objectives with smaller scope.	<ul style="list-style-type: none"> <li>• Heritage Service likely to be reduced year on year without capacity to develop commercially. Like to lead to slow decline of service, as highlighted above and negative impact on the visitor economy.</li> <li>• Reputational risk to LCC for failing to support a sustainable form of culture and heritage provision.</li> </ul>

### 5.14 Exit strategy

This scheme of work is both ambitious and innovative and necessitates a number of projects across the Heritage Service.

In some cases, exit takes place when the specific schemes of work have been completed, for example once any intervention in either Lincoln Castle or The Collection have taken place, or when other sites no longer fall within the Heritage Service's remit or have been disposed of by LCC.

However, as the aim of this business case is to establish a Heritage Service that can leverage the full value of Lincolnshire's world-class culture and heritage to the full benefit of the county and its visitors, together with the associated investment objectives, a successful exit strategy is dependent on a more than a number of physical outputs.

This means that exit actually takes place when both sites and the specific actions noted in this business case are integrated into the Heritage Services' next 5 year strategy or second phase of the FuturePlan. In essence, then, the changes posited become business as usual, until a new scheme of work is proposed and undertaken.

### 5.15 Conclusions

This Management Case has presented a comprehensive approach to the management of this scheme of work. This utilises LCC's approved project management approach and also integrates with key democratic timelines, while also ensuring a comprehensive consultation with stakeholders. A clear process for identifying and managing risk has also been detailed. Contingencies have also been identified.

With regards to the development of the service, key areas for professional development for the service that are necessary to help deliver the increased commercial return necessary to support the long-term sustainability of the Heritage Service, have also been identified. This also includes the development of a formalised Advisory Panel that will bring a wide range of external expertise into the service.

A post-implementation evaluation approach has been identified, together with an Exit strategy which identifies the integration of this proposed scheme of work into the Heritage Service's as business as usual and/or the development of a second phase in the FuturePlan. This is an approach that will further support the delivery of the investment aim and objectives related stated within this business case.

## **Appendix**

These have been created as a separate document, but contents are noted as follows:

### **Strategic Case**

Appendix 1A: PESTLE (1.8.1)

Appendix 1B: SWOT (1.8.2)

Appendix 1C: Porter's Five Forces (1.8.3)

Appendix 1D: Lincoln Castle Supersite Concept (1.9.4.1)

Appendix 1E: CMAG Concept (1.9.4.2)

Appendix 1F: LCC's Heritage-related projects (1.10.2)

### **Economic Case**

Appendix 2A: Comparative Visitor Number Data (2.4.4)

Appendix 2B: Comparative Data for Health & Wellbeing Impact (2.5.1)

Appendix 2C: Comparative Data for Economic Impact Assessment (2.6.1)

### **Commercial Case**

Appendix 3A: Audience Finder Segmentation Definitions (3.4.3.1)

### **Financial Case**

No Appendices

### **Management Case**

Appendix 5A: HLF Outcomes (5.8)