

## Executive Board – 21<sup>st</sup> March 2023

<b>Subject:</b>	Nottingham Castle Strategy
<b>Corporate Director(s)/Director(s):</b>	Frank Jordan, Corporate Director for Communities, Environment and Resident Services
<b>Portfolio Holder(s):</b>	Cllr Pavlos Kotsonis, Leisure, Culture and Planning
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<b>Other colleagues who have provided input:</b>	Ross Brown, Corporate Director – Finance & Resources (S151) Malcolm Townroe, Director of Legal & Governance Michael Hainge, Director of Commercial, Procurement & Contract Management Nigel Hawkins, Head of Culture & Libraries Phil Gretton, Strategic Finance Business Partner Maria Balchin, Senior Commercial Business Partner Steve Oakley, Head of Procurement Richard Henderson, Director for HR & EDI Stephan Richeux, Media Manager
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Type of expenditure:</b> <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
If Capital, provide the date considered by Capital Board Date: n/a	
<b>Total value of the decision:</b> Approves spend of up to £2.130m over 3 financial years 2023/24 – 2025/26 noting that this is affordable within the Medium Term Financial Plan 23/24 to 25/26 which will cover the period for undertaking and implementing the outcomes of the Delivery Model Assessment.	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b> Friday 24 <sup>th</sup> February 2023	
<b>Relevant Council Plan Key Outcome:</b>	

Clean and Connected Communities	<input checked="" type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input checked="" type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input checked="" type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

Nottingham Castle is a key asset for the City and is seen as a key lock stone in the story, marketing and branding of Nottingham. Its dominance over the city and its link to ‘Robin Hood’ represent a powerful sense of place for Nottingham. It is estimated that the Castle can contribute up to £14m to the local economy (gross value added) annually and as such can play a significant role in supporting economic growth, tourism and pride across the City and region.

Nottingham Castle Trust (“NCT”) were appointed to become the management operator of the Nottingham Castle site in May 2019. Following investments totalling £31m to transform the asset and visitor experience, the Castle re-opened to the public in the summer of 2021. On November 30th, 2022, the Council were notified that the Trust had commenced insolvency (liquidation) processes and the site was closed to the public at that time.

This paper outlines the current position regarding the site and the key considerations for the future strategy for the Castle. It provides an assessment of the key financial, economic, risk and operational implications that has been undertaken to inform this strategy. Based on that assessment the recommended approach is to reopen the Castle in parallel to undertaking a “Delivery Model Assessment” which will best enable the long-term best value option for the Council and taxpayers to be delivered.

The paper details the controls and mitigations that will be put in place to manage the risks associated with reopening the Castle under the direct management of the Council as part of the Museums and Galleries service whilst the Delivery Model Assessment is undertaken.

**Does this report contain any information that is exempt from publication?**

The appendices to the report listed below are exempt from publication under Paragraph 3 and 5 of Schedule 12A to the Local Government Act 1972 because they contain information relating to a) sensitive business, commercial and financial details; and b) privileged legal advice. Having regard to all the circumstances the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because, if published, it would significantly prejudice the Council’s position in ongoing negotiations, engagement with private sector providers, and its ability to secure best value.

- Appendix 2 – Nottingham Castle Recovery Business Plan (the ‘Business Plan’)
- Appendix 3 – Commercial footnotes to this Executive Board Report
- Appendix 4 – Castle Transition Project RAID Log
- Appendix 7 – Legal Comments

<b>1. Recommendations:</b>
That Executive Board:
1 Agrees that a Delivery Model Assessment will be undertaken as part of a wider best value review of the Museum & Galleries service to assess the preferred long term option for Nottingham Castle.
2 Notes the appraisal of the interim options regarding the future of the Castle whilst this delivery model assessment is undertaken as outlined in section 4 of this report.
3 Approves the recommended option of re-opening of the Castle as part of Nottingham City Council's Museum & Gallery Service, noting the risks associated with this option and the proposed measures to manage these risks (as outlined in Section 5 of this report, and appendix 4 (exempt section).
4 Notes that the recommended option of reopening the Castle is forecast to be affordable within the budget allocated in the Medium-Term Financial Plan as outlined in section 7 of this report.
5 Delegates authority to the Corporate Director for Communities, Environment and Resident Services in consultation with the Corporate Director for Finance and Resources and the Director for Commercial, Procurement and Contract Management, to intervene should the actual performance fall below the forecast position and to take appropriate actions and decisions required to reduce or suspend services should the risks outlined in section 5 of this report arise and to prevent additional costs to the Council.
6 Notes that Corporate Director for Communities, Environment and Resident Services will be ensuring that a comprehensive lessons-learned exercise is undertaken with partners and stakeholders relating to the previous arrangements for the running of the Castle which will feed into the Delivery Model Assessment and inform any considerations for the longer-term operating model.
7 Notes a decision regarding the future long-term strategy will be sought from the Executive Board when the Delivery Model Assessment has been undertaken.

## 2. Reasons for recommendations

- 2.1 **Recommendation 1** Undertaking a formal Delivery Model Assessment, is being recommended in order to adopt a best practice process for assessing the best value option for the future longer-term operation of the site. Further details on the process are included within section 6 and appendix 1 of this report.
- 2.2 **Recommendations 2,3,4,5.** An options appraisal exercise has been undertaken to assess the most appropriate option whilst the delivery model assessment has been undertaken with the recommended option being the re-opening of the Castle. The report outlines the risk associated with the reopening of the Castle and how they are planned to be managed.
- 2.3 **Recommendation 6.** A comprehensive lessons learnt exercise will be undertaken to inform the best long term delivery option for the future of the Castle. This will provide an opportunity to build in lessons learned from the

liquidation of NCT, the process for commissioning such arrangements, and the effectiveness of contractual arrangements between the Council and external providers/agencies.

- 2.4 **Recommendation 7.** The outcome of the delivery model assessment will be reported to the Executive Board to seek a decision on the most appropriate delivery option for the Castle.

### 3. **Background (including outcomes of consultation)**

- 3.1 Nottingham Castle represents a key asset under the Tourism and Cultural Strategies for the City and represents a “sense of place” for the City. The Castle is also described as a cornerstone of visitor attractions for the City within the Cultural Statement and Framework for Nottingham (2017-2027). The Castle is seen as a key lock stone in the story of Nottingham and the marketing and branding of Nottingham as a city. Its dominance over the city and its link to ‘Robin Hood’ represent a powerful sense of place for residents.
- 3.2 The National Lottery Heritage Fund (NLHF) identify the Castle as a “nationally important heritage asset” and Arts Council England (ACE) recognise the role of the Castle in providing cultural opportunities to citizens, including public access to the important collections of Nottingham Castle; citizen wellbeing and civic pride; tourism opportunities; and the wider economic impact on the city.
- 3.3 The Castle was subject to investment of £31m to transform the asset and visitor experience and was re-opened to the public in the summer of 2021.
- 3.4 The Nottingham Castle Trust (NCT) were appointed to become the operator of the Castle site in May 2019. On November 30th 2022 the Council were notified that the Trust had commenced insolvency (liquidation) processes and the site was closed to the public at that time.

### 4. **Options Appraisal**

- 4.1 Since the return of the Castle from NCT to the Council, there has been detailed consideration of the options for the short and long-term future of the Castle. This option appraisal has included engagement with external agencies which have resulted in the recommendations and supporting detail contained within this report.
- 4.2 This options appraisal has been informed by the need to undertake a **formal Delivery Model Assessment** exercise (and any resulting commissioning) to demonstrate best value regarding the future of the Castle.
- 4.3 The options have considered the time required to undertake a comprehensive Delivery Model Assessment, which in turn will help determine the longer-term best value operating model for the site. It is anticipated that this work could take up to 2 years to conclude when considering any necessary procurement, appropriate due diligence work and legal agreements that maybe required to be undertaken, (see section 6 and appendix 1 of this report).

#### 4.4 Within that context the options that have been assessed are as follows:

- 4.4.1 **The Castle remains closed** (the “do nothing” option). Under this option the Castle would effectively be “mothballed” and remain closed to the public as in its current state, whilst still keeping the site and collections safe and secure. The following risks associated with this option have been identified:
- 4.4.2 The Council is currently holding financial and operational liabilities associated with maintaining the closed site/buildings along with the mothballing of collections. Forecasts costs to the Council for keeping the site “safe and secure” are estimated to be £0.5m for 2023/24 and £0.538m for 24/25 (although further increases can be expected through inflationary and other market cost pressures).
- 4.4.3 The contractual agreements with external funders relating to the refurbishment of the Castle could result in clawback of grants previously received and may also impact on the Council’s ability to secure future funding from the relevant agencies. Details of the potential funder commercial arrangements have been included in appendix 3 (exempt section) of this report.
- 4.4.4 The current implications in terms of loss of economic contribution to the city (an estimated £12-14m total economic value), alongside the public relations and reputational risk to the Council for an extended period of closure.
- 4.4.5 This option limits the Council’s ability to validate key data such as visitor numbers, financial contribution of programmed events, ticket pricing, etc. which would be required to better inform any options being considered under the Delivery Model Assessment. Ultimately this will reduce the Council’s ability to fully test best value aspects of all potential delivery models.
- 4.4.6 The Council will be reliant on historical (out of date) operational data from the pre-pandemic period of Castle operations. Any data for the previous 3 years of operations is significantly skewed by (a) the impacts of the COVID-19 pandemic and associated periods of lock-down, (b) the planned closure for the funded refurbishment works and (c) the liquidation of Nottingham Castle Trust.
- 4.4.7 Nottingham Business Improvement District (BID) have written to the Council outlining the role of the Castle as a community asset, tourism offering and cultural brand of the city. They highlight how the City has benefitted from the Winter Wonderland which helped to negate the risk of reduced footfall immediately following the closure of the Castle but foresee significantly impacted visitor numbers to the city as we approach spring. Concerns are also raised on the consequential impacts on all businesses across the City, especially the financial sustainability of hospitality providers near the Castle. It is also felt that the closure of the Castle will most likely reduce visitations to the other tourism and heritage sites in the city with many visitors combining their visits to Nottingham with several places of interests.

However, the following benefits associated with this option have been identified:

4.4.8 The estimated costs for maintaining the Castle in a closed state are in the region of £0.4m less than the recommended option to reopen.

4.4.9 There would only need to be a limited number of additional staff employed by the Council whilst the Castle remains closed (in order to maintain safety and security of the site and collections).

**4.4.10 Partial (grounds only) re-opening of the Castle facilities; The Castle Grounds Open Only.** Under this option the main 'Ducal Palace' remains closed but the grounds surrounding the site, along with Toilets, Café and Customer Welcome centre reopens. The following risks associated with this option have been identified:

4.4.11 This option would fall short of some of the contractual agreements with external funders and could still result in clawback of grants previously received, also impacting on the Council's ability to secure future funding from the relevant agencies. Details of the potential funder commercial arrangements have been included in appendix 3 (exempt section) of this report.

4.4.12 The forecasting of income generation in this particular model is difficult to determine, coupled with disproportionate annual revenue costs for operating and servicing the site under this option. It is therefore likely to have a higher net cost than remaining closed or the interim option of reopening.

4.4.13 This option would distort data that is being obtained to help assist with the longer-term Delivery Model Assessment and looking at longer-term sustainable operations of the full site.

The following benefits associated with this option have been identified:

4.4.14 It may help mitigate some negative publicity around the closed gate currently at the Castle whilst work commenced on the Delivery Model Assessment.

4.4.15 It would potentially create opportunities for local events and other activities to take place on the site, in a controlled and managed way.

4.4.16 It would increase access to green space for residents in the heart of the City.

4.4.17 **Full re-opening** of the Castle facilities in time for June 2023 (start-up activity commencing from May 2023).

4.4.18 Although this represents a higher level of cost to the Council initially compared to the "mothball" option (i.e. keeping the Castle closed for an extended period of time) this is affordable within the budgets allocated in the Medium Term Financial Plan.

4.4.19 This option mitigates a number of risks and has a range of benefits when compared to the other options that have been considered. However, there are

risks associated with the reopening that will require mitigation and management.

4.4.20 A summary of these key risks and benefits is provided in the following paragraphs.

The key risks associated with reopening are summarised as follows:

4.4.21 The running costs associated with the re-opening of the Castle are currently estimated to be £1.45m over 2023/24 and 2024/25 (excluding start-up costs), compared with £1.19m over the same period if the Castle remains closed. The 2023/24 MTFP includes sufficient funding for this, as approved by Full Council on 7 March 2023 (see section 7 of this report).

4.4.22 However, it is to be noted that should the actual performance not meet the forecasted level then there is a risk of additional net costs to the Council over and above the budget allocated within the medium term financial plan.

4.4.23 The Business Plan in appendix 2 (exempt section) of this report has been based on a prudent approach informed by historical income and the visitor data available. A new activation and marketing strategy, analysis of national visitor trend information, industry benchmarking, and local sector expertise within the Museum & Galleries team have all resulted in a cautious forecast for the site. This will require close monitoring to manage any liabilities which might arise and ensure actual performance is in line with forecasts.

4.4.24 A sensitivity analysis included within the Business Plan highlights the potential for, for example, possible reductions in operating hours/seasonal activity, or partial closure of certain services, under the mitigations and controls that are being proposed in section 5 of this report (in the event of financial or operational performance issues following re-opening).

4.4.25 There is a possibility that these proposed mitigations and controls are not responsive enough to significant economic change (e.g. a repeat pandemic). Section 5 of this report outlines the measures that would be put in place should actual performance fall below acceptable margins.

4.4.26 There are potential risks and implications in relation to the Council's VAT cultural exemptions allowance (as further outlined in appendix 3 (exempt section) of this report). These are assessed as being able to be managed.

The key benefits associated with reopening are summarised as follows:

4.4.27 This option significantly reduces the risk of the potential repayment of previous grant funding received from external funders for the redevelopment of the Castle.

4.4.28 There is the potential to recover the estimated £12-14m (Gross Value Added) of wider economic contribution which the Castle brings to the City's economy. Details of current economic impact estimates generated through the Castle as a visitor attraction have been included in appendix 3 (exempt section) of this report.

4.4.29 This option creates the ability for the Castle to achieve Full Accreditation under the UK Museums Accreditation Standards as a pre-requisite for receipt of grant funding from external funders to help unlock future opportunities for

the site (note that only “Provisional Accreditation” can be achieved whilst the Castle remains closed which negates certain funding opportunities).

4.4.30 It also supports the wider cultural/heritage objectives of the Council to the people and businesses within the City as outlined in the Council’s revised strategic plan.

4.4.31 Reopening presents an opportunity to validate underlying assumptions such as visitor numbers, financial contribution of programmed events, ticket pricing, etc. and to generate more current data for post-pandemic visitor trends which can be used to better inform the Delivery Model Assessment.

4.4.32 It also presents an opportunity to test the viability and sustainability of the Council as operator (informing one of the options under the Delivery Model Assessment).

### **Recommended Option**

4.4.33 Based on the above assessment the recommendation is to reopen the site.

4.4.34 Reopening is supported by a range of controls, mitigations, and actions to ensure that any on-going liabilities for the Council are effectively managed, monitored, and acted upon in the event of any financial or operational performance issues (see section 5 of this report, supported by the Business Plan in appendix 2 (exempt section)).

4.4.35 The Business Plan in appendix 2 (exempt section) of this report also lays out a clear engagement strategy, prior to reopening, to help re-establish the prominence and importance of the Castle as part of Nottingham’s cultural and visitor offer. It seeks to re-engage with residents who may have felt disenfranchised by the operation of the site. Consideration has also been given to preliminary feedback and information provided in relation to the problems and operations experienced under NCT, to help differentiate the planned reopening to better fulfil visitor expectations.

## **5. Consideration of Risk**

5.1 A review of risks in relation to each of the options has been undertaken, and a summary of the key risks/mitigations for the recommended option to reopen the Castle is as follows:

### **5.2 Operational and financial performance**

5.2.1 In order to mitigate against any untested assumptions underpinning the re-opening plan for the Castle, a number of delegated controls and measures are being implemented as part of the recommendations. Further details of the anticipated operational and commercial measures have been included in appendix 3 (exempt section) of this report.

5.2.2 Undertaking the lessons learned, market appraisal, and Delivery Model Assessment whilst the Castle is re-opening will provide an opportunity to stress test and validate the Business Plan which underpins the detailed case for reopening. They will inform, re-align, or re-calibrate inhouse operations should there be any material findings arising from these particular phases of activity.



5.2.3 It should be noted that both the Business Plan and potential mitigations in respect of operating the Castle are entirely in accordance with how the Council's Museums & Galleries service currently operate the other heritage and cultural assets across the City.

### 5.3 Timing and staffing

5.3.1 Current programming indicates that if a decision is made by the end of March 2023 the Castle would be able to be opened in June 2023.

5.3.2 However, it is important to note that a minimum 3-month lead time will be required to recruit and train staff and set up any systems and processes required which must be in place before an opening date is confirmed.

5.3.3 The staffing requirements for full re-opening have been included with the Business Plan with management and oversight being provided by the existing Council management teams and supplemented with additional casual staff during peak seasons. The relevant Council teams will be following the normal recruitment processes to achieve the summer reopening target.

### 5.4 Ongoing risk management

5.4.1 As part of standard Council project management good practice, a Risk Register has been established as part of the project to achieve reopening. A copy of the current Risk Log has been provided within the exempt Project RAID Log in appendix 4 (exempt section) of this report, which will be regularly reviewed and monitored through the relevant governance forums.

## 6. Best Value Considerations

6.1 The recommended process and timeframes for undertaking a full Delivery Model Assessment for the Museum & Galleries service will follow a best practice framework and will incorporate all relevant considerations for best value.

6.2 It will assess a range of options ranging from continuing to have the service delivered inhouse (insource/make), whether to seek an external provider (outsource/buy), or whether to adopt one of the various forms of public/public and public/private partnerships (hybrid).

6.3 Current programming indicates if there is approval of the decisions and recommendations contained within this report before the end of March 2023 for the lessons learned and Delivery Model Assessment to commence, then the long-term option for the Castle could be implemented in either summer 2024 (insource option) or 2025 (under any outsource or hybrid option). Further detail is provided below:

6.3.1 Undertaking a Delivery Model Assessment in accordance with guidance from the Government Commercial Function is currently expected to take 9 months from commencement through to a formal decision regarding the future of the Castle. Further detail on the process and timeframes has been included in appendix 1 of this report.

6.3.2 Subsequent timeframes for commissioning any **outsourced or hybrid options** are expected to take up to a further 12 months until contracts are in

place, followed by a 3-month mobilisation/handover period; a total of up to 15 months from the conclusion of the Delivery Model Assessment (meaning an overall period of up to 26 months from commencing the programme of activities to realising an outsourced or hybrid option to fully re-open the Castle facilities).

6.3.3 Mobilisation timeframes for an **insourced option** are expected to take **3 months** from the conclusion of the Delivery Model Assessment until commencement of service (meaning an overall period of up to 14 months from commencing the programme of activities to realising a longer-term insource option to fully re-open the Castle facilities).

6.4 To inform the Delivery Model Assessment it will be imperative to undertake some form of *market appraisal* of the Council's cultural and heritage sites, their offerings, and likely appeal as visitor attractions.

6.4.1 It is proposed that this is carried out in parallel with the Delivery Model Assessment and will require the commissioning of some external market expertise/advisory services (which has been allowed for within the costs considered under this).

6.4.2 Both Arts Council England (ACE) and National Lottery Heritage Fund (NLHF) are also supportive of bringing their insights and expertise to inform a market appraisal and it is possible that current discussions around further grant funding to support the assessments. A protocol will be in put in place to guide the role of the NLHF and ACE in this process and to clarify their role as advisors and the Council as decision makers.

6.4.3 This market appraisal exercise will also seek to validate and further quantify any current estimates of Gross Value Added being generated for the City economy as a result of our visitor attractions.

6.4.4 The timing of market engagement on the back of the recent liquidation of NCT – for both the Delivery Model Assessment and any subsequent procurement of external partner thereafter – is a critical consideration in order to mitigate a material risk of market failure for the outsourced or hybrid options.

6.5 Prior to undertaking the Delivery Model Assessment it will be imperative to ensure that a robust and thorough *lessons learned* exercise has been undertaken relating to the failure of the Trust. Some initial considerations in this regard have been included in the Business Plan in appendix 2 (exempt section) of this report. This is anticipated to require a **2-month period** to properly undertake and conclude and will be supplemented with an assessment of the following key areas:

6.5.1 The offer, event planning and marketing where this can be determined.

6.5.2 The financial structure and management of NCT particularly in relation to levels of debt, senior management costs, cost control and pricing where this can be determined.

6.5.3 How the Council specified what it required for the Castle and what the governance, leadership and financial management arrangements of the Council were at that time.

6.5.4 Arrangements between the Council and the Trust (including the commissioning approach used by the Council to appoint the Trust, the

commercial and contractual arrangements governing that relationship, and the obligations and liabilities for the Council in the event of non-performance).

6.6 It should be noted that if the Castle is re-opened in accordance with the recommendations of this report and under the management of the Council for the period whilst the Delivery Model Assessment is being undertaken, then both the lessons learned, and market appraisal exercises will be used to actively validate the underlying assumptions, sensitivities, and parameters of the supporting trading and operational plans.

## 7. Finance colleague comments (including implications and value for money/VAT)

7.1 On the basis the future longer term operating model is currently unknown and in order to avoid any impact on future tenders the information in this section is considered as commercial sensitive and has been included in appendix 3 (exempt section) of this report. The holding costs relating to the Castle which were incurred in 2022/23 have already been provided in previous, public reports.

7.2 This decision seeks approval to spend up to £2.130m over financial years of 2023/24, 2024/25 and 2025/26 (allowing for contingencies and up to 3 years of running costs) noting that this is affordable within the Medium Term Financial Plan 2023/24 to 2025/26. This will fully cover the period for undertaking and implementing the outcomes of the Delivery Model Assessment, also noting that the Business Plan total spend is estimated to be £1.886m and that any surplus budget is returned to the MTFP. Details of the approved MTFP resources and cost estimates as shown below :

	23/24	24/25	<b>2 year total</b>	25/26	<b>3 year total</b>
	£m	£m	<b>£m</b>	£m	<b>£m</b>
MTFP funding	1.000	0.650	<b>1.650</b>	0.480	<b>2.130</b>
Business plan cost	1.012	0.437	<b>1.449</b>	0.437	<b>1.886</b>

**Maria Balchin and Philip Gretton – Commercial Finance – 06/03/23**

## 8. Legal colleague comments

8.1 These are contained in the exempt appendix 7

## 9. Other relevant comments

### **Commercial, Procurement, and Contract Management:**

9.1 The Business Plan attached to this report for re-opening the Castle takes into account the requirements of the Commercial Strategy. The Business Plan must therefore be considered in full as part of any decision making. If re-opening is approved, close management of actual performance against

forecast will be critical and reports should be made no less frequently than monthly, within one week of the month end. If there is any negative variance, plans to deal with these should be produced and executed swiftly. This will follow the risk considerations set out in section 5 of this report.

**Michael Hainge, Director of Commercial, Procurement and Contract Management – 10/02/2023**

**Procurement:**

- 9.2 The Business Plan identifies the need to secure goods services and works to ensure the smooth running of the site. The business plan requires a number of contracts to be put in place to support the running of the Castle

Procurement are working with the division to secure the required goods, services and works. These contracts will be procured in line with NCCs Contract Procedure Rules, UK Public Contract Regulations 2015 and Concession Regulations 2016.

Procurement will support any future delivery model assessment and any resultant procurement to enable the implementation of any new operating model as required.

**Steve Oakley, Head of Procurement – 08/03/2023**

**HR:**

- 9.3 HR advice will continue to be provided on an ongoing basis in relation to the different issues that arise as and when required. Recruitment to posts at the Castle will need to be undertaken in line with the available funding and to further advance Nottingham City Council's commitment for our workforce to reflect the communities we serve.
- 9.4 Consideration will be given to the types of employment contracts created to both enable effective service delivery, whilst also taking into account the associated impact of these contracts in the event of a 'Make' or 'Buy' outcome of the Delivery Model Assessment.

**Richard Henderson, Director for HR & EDI – 06/03/2023**

**Marketing & Communications:**

- 9.5 NCC's Communications Team will continue to work with the Nottingham Castle Transition Project team to ensure ongoing engagement with stakeholders is aligned with key messages. As with all previous announcements about the castle, our other channels would be used to publicise this and any further announcements more widely and to different audiences.

**Jamie O'Malley, Communications Manager - 03/03/2023**

## **Property Services:**

The proposals outlined in this report do not cause any significant property related concerns. Property Services, FM and Museum colleagues will work together to ensure the management and maintenance of the site is undertaken as efficiently as possible.

**Steve Sprason, Interim Head of Property – 28/02/2023**

### **10. Crime and Disorder Implications (If Applicable)**

10.1 Reopening the castle as soon as possible rather than keeping it mothballed for an extended period of time is likely to have a positive impact and help reduce the risk of crime and disorder. Having the building occupied with staff and visitors, as opposed to it being vacant/derelict, will deter vandalism and inappropriate use of the grounds as well as potential public disorder should the recent protests escalate in scale or frequency.

### **11. Social value considerations (If Applicable)**

11.1 The potential outcomes for Nottingham through reopening of the Castle are summarised as follows:

- Return of visitors (local and visiting tourists) to the attraction.
- Sustained employment opportunities.
- Restoration of the loss of GVA and visitor spend in the economy.
- Opportunities for volunteers and apprenticeships.
- Active learning opportunities with local schools and educational establishments.
- Community involvement and participation in a programme of events.
- Engagement with community groups, potentially from some of the most deprived areas in UK.
- Building local pride and a sense of well-being.

11.2 The Delivery Model Assessment will provide significant opportunity to build in and prioritise the assessment of on-going Social Value as part of any options appraisal.

### **12. Regard to the NHS Constitution (If Applicable)**

12.1 (Not applicable)

### **13. Equality Impact Assessment (EIA)**

13.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes   
Attached as appendix 5, and due regard will be given to any implications identified in it.

**14. Data Protection Impact Assessment (DPIA)**

14.1 Has the data protection impact of the proposals in this report been assessed?

No   
A DPIA is not required because:  
Discussions have taken place with Council's Data Compliance Officer (DPO) and since no personal data is transferring to the Council or being held by the Council from the Nottingham Castle Trust a DPIA is not required. This includes any previous employee data or any customer data the company may previously have collected or stored as part of their customer management systems.

Yes

**15. Carbon Impact Assessment (CIA)**

15.1 Has the carbon impact of the proposals in this report been assessed?

No   
A CIA is not required because:  
(Please explain why a DPIA is not necessary)

Yes   
Attached as appendix 6, and due regard will be given to any implications identified in it.

**16. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

16.1 (Not applicable)

**17. Published documents referred to in this report**

17.1 "*Delivery Model Assessments: Guidance Note*", Government Commercial Function, May 2021, Crown Copyright 2021 under Open Government License v3.0

## Appendix 1 Delivery Model Assessment (“Make or Buy”) supplemental notes

The Delivery Model Assessment (previously referred to under the Government Sourcing Playbook as a ‘Make or Buy decision’) is an analytical, evidenced based approach to assist in the Council in reaching a strategic recommendation and associated decisions on whether an internal department should deliver a service – or part of a service – inhouse, procure from the market (outsource) or adopt a hybrid solution.

In terms of “hybrid” solutions the use of the wider public sector structures (such as Arms’ Length Bodies), regulatory bodies or the use of the third sector, as well as the potential to establish Joint Ventures or GovCos may all be viable alternatives.

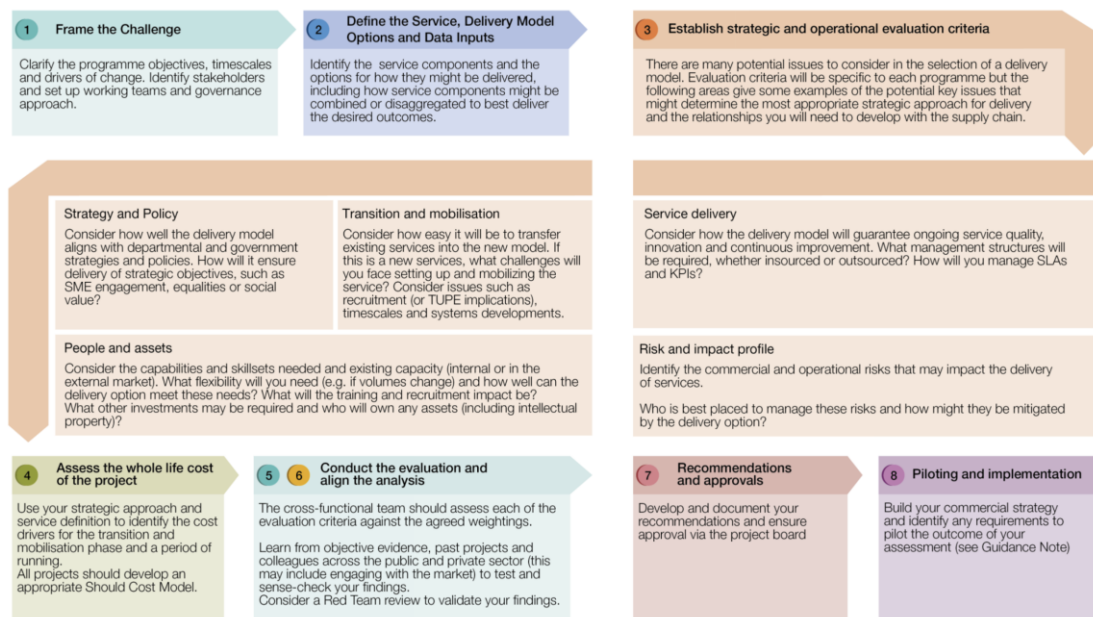
The Government Commercial Function has developed a framework to assess these factors, consistent with the options appraisal approach prescribed in the Green Book. In summary the 8 key steps to undertaking the assessment are as follows:

- **Frame the Challenge:** Clarify the programme objectives, timescales, and drivers of change. Establish stakeholders, working teams, and governance approach.
- **Define the options and inputs:** Identify service components and the options for how they might be delivered (including combining or disaggregating components) to best deliver the required outcomes. Identify the relevant data inputs to support the assessment.
- **Establish strategic and operational evaluation criteria:** For example (but not limited to):
  - *Strategy & Policy* (how well does a delivery model align to the Council’s strategies and policies; how will it ensure delivery of strategic objectives)
  - *Transition & mobilisation* (how easy will it be to transfer existing services into the new model; what challenges might there be)
  - *People & assets* (capabilities and skillsets needed, existing capacity, flexibility to respond to peaks and troughs of activity; what training and recruitment might be required; what investments are required and who owns any assets)
  - *Service delivery* (how the delivery model will deliver on-going service quality, innovation, and continuous improvement; what management structures are required; what are the performance standards required)
  - *Risk & impact profile* (commercial and operational risks that may impact service delivery; who is best placed to manage these and how these mitigated by the delivery model including relevant commissioning & contracting considerations)
- **Assess the whole life cost of the project:** Identify cost drivers (transition and mobilisation as well as on-going operations) and develop a Should Cost Model.
- **Conduct the evaluation:** Undertake a cross-functional analysis for each of the evaluation criteria and for each delivery option against agreed weightings.
- **Align the analysis:** Build in objective evidence, experience and lessons learned from past projects/arrangements with colleagues across both public

and private sector and test to sense check the findings. This is also likely to include input from a market analysis, soft market testing, and/or market research into the service and delivery model in question.

- **Recommendations & approvals:** Develop and document to obtain approval through the agreed governance structure(s).
- **Piloting and implementation:** Build the commercial strategy and service requirements (essentially entering into the pre-procurement phase for outsource/hybrid options or formalisation of internal mechanisms for insource options)

The following diagram is taken from the guidance note and shows how these 8 steps are sequenced:



It is important to note that the guidance note highlights that the Delivery Model Assessment **is not** any of the following:

- **A substitute for a “Target Operating Model”.** The delivery model may help inform the final operating model but will not design the future state of operations (that will be determined either through the process of market engagement to procure external service providers or through the detailed planning/transition of internal service provision).
- **A budgeting mechanism.** The Delivery Model Assessment process will deliver a Should Cost Model to support decision-making but is unlikely to be sufficiently detailed to build a comprehensive future budget (again that will follow during the implementation phase of the preferred model).
- **A sourcing model assessment or supply strategy.** The Delivery Model Assessment will consider the future approach to the external market but will not include for the development of a full specification of service requirements that might be needed for a tender or supply contract (this will be undertaken as part of the subsequent pre-procurement phase).

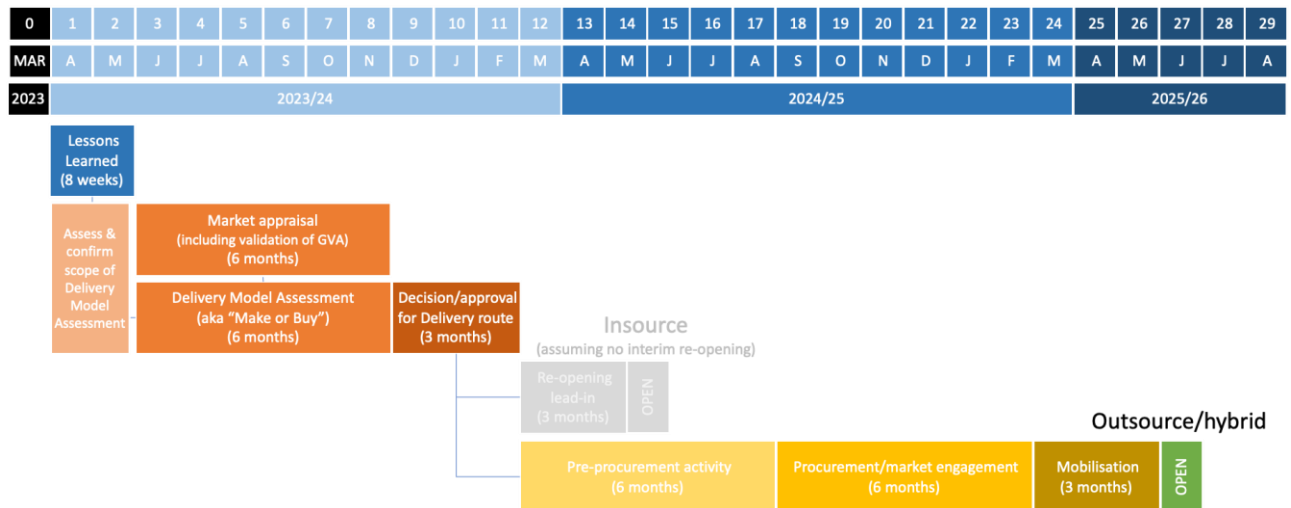


- **A supplier evaluation.** The objective of the Delivery Model Assessment is to assess the mechanism for approaching markets and the viability of a positive market response, rather than evaluating the capability of individual suppliers. Supplier evaluation would be undertaken as part of the subsequent procurement process for an outsourced or hybrid delivery model.

### Timeline for outsource/hybrid as an outcome

An indicative programme timeline for undertaking the lessons learned exercise, Delivery Model Assessment, and subsequent procurement activities (assuming an outsource or hybrid outcome) through to mobilisation and re-opening of the Castle is outlined in the following diagram:

**Diagram One: Timeline for DMA and subsequent procurement and commissioning process**

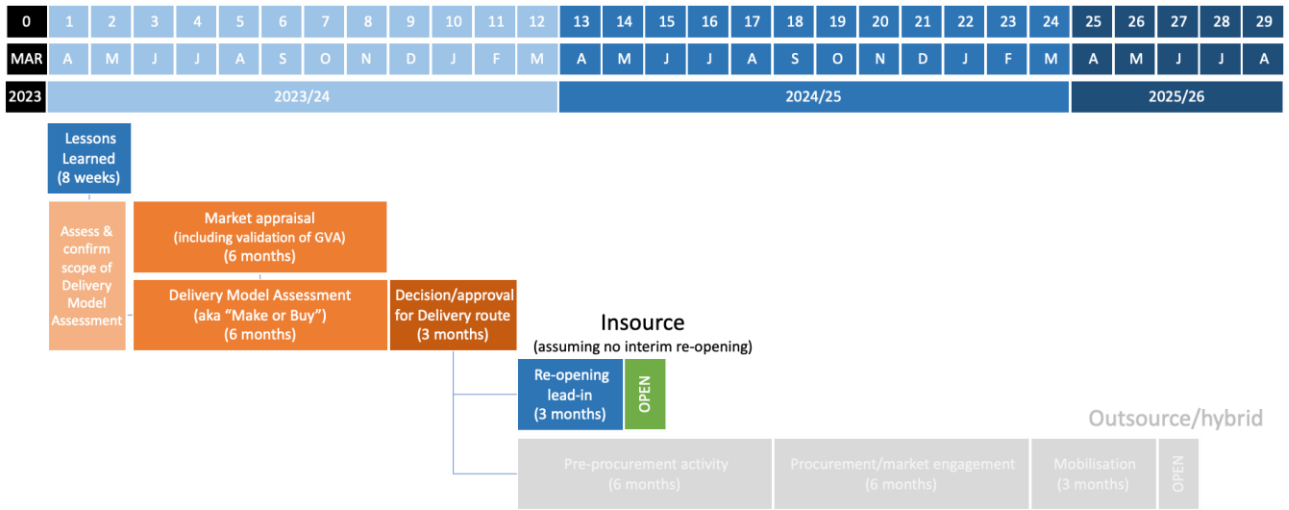


This is based on achieving an opening under an outsourced/hybrid delivery model in time for Summer 2025, aligning to seasonal peak periods of visitor activity and potential. This also indicates that agreement and approval to commence this programme of activity needs to be concluded no later than end of March 2023.

### Timeline for insource as an outcome

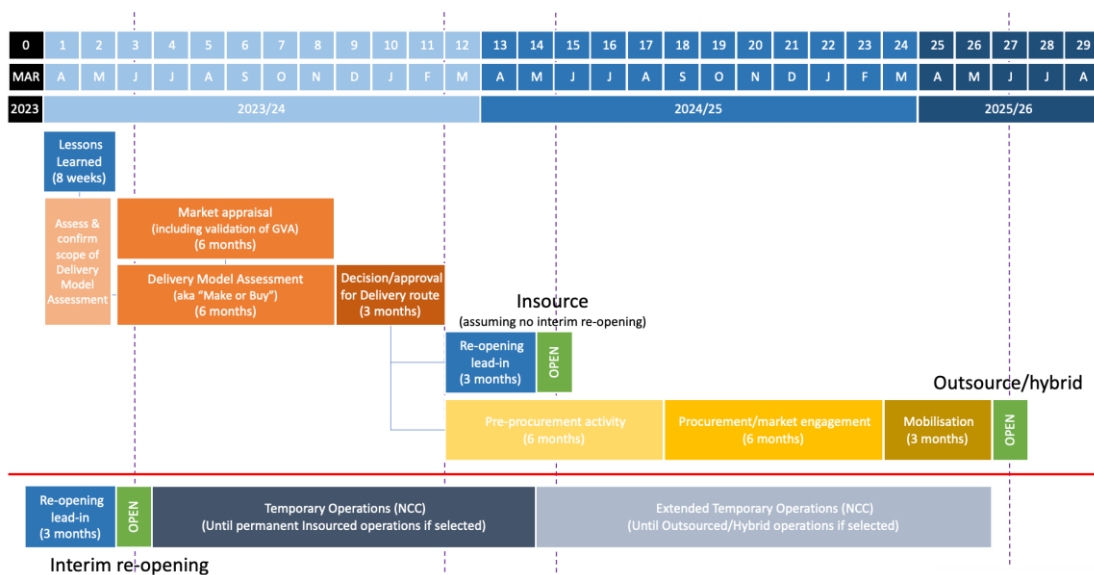
By way of comparison an indicative programme should the Delivery Model Assessment conclude and recommend the in-house option is outlined in diagram two below:

**Diagram Two: Timeline for DMA and subsequent insourcing option**



This particular timeline assumes that (a) the Business Plan in appendix 2 (exempt section) of this report remains largely relevant for any future insource option, (b) the 3-month lead time proposed for re-opening the Castle in time for summer 2023 is equally valid at a future point in time, and (c) that there has been limited activity on the Castle site during the period of undertaking the lessons learned and Delivery Model Assessment.

If there were to be a full re-opening of the Castle in time for summer 2023 (as recommended) and the Delivery Model Assessment subsequently resulted in the insource option, then the existing operations would simply transition to a long-term arrangement with any identified changes arising from the Assessment.



**EXEMPT - Appendix 2**

**Nottingham Castle Recovery Business Plan**

(see attached file “Business Plan Designed Mark Up Final V17- Update Transition Board.docx)

**EXEMPT - Appendix 3**

**Commercial Footnotes**

(see attached file “Nottingham Castle Strategy Executive Board Report – Commercial Footnotes.docx)

**EXEMPT - Appendix 4**

**Castle Transition Project RAID Log**

(see attached file “Nottingham Castle Transition Project RAID v0.8 03.03.23.xls”)

**Appendix 5**

**Equality Impact Assessment (EIA)**

(see attached file “Castle reopening EIA form – R Inglis January 2023 – v4 12-.01-.23 – FINAL.docx)

**Appendix 6**

**Carbon Impact Assessment (CIA)**

(see attached file “Nottingham Castle Strategy CIA Summary Report 03.03.23.docx)

**EXEMPT – Appendix 7**

**Legal Comments**