



Nottingham

City Council

Museums & Galleries Service

Delivery Model Assessment

Summary of evaluation & next steps



- Quick DMA recap
- Overview of models assessed
- Evaluation of financial & non-financial considerations
- Market appraisal headlines & benchmarking
- Next steps

DMA Recap: Methodology



1 Frame the Challenge

Clarify the programme objectives, timescales and drivers of change. Identify stakeholders and set up working teams and governance approach.

2 Define the Service, Delivery Model Options and Data Inputs

Identify the service components and the options for how they might be delivered, including how service components might be combined or disaggregated to best deliver the desired outcomes.

3 Establish strategic and operational evaluation criteria

There are many potential issues to consider in the selection of a delivery model. Evaluation criteria will be specific to each programme but the following areas give some examples of the potential key issues that might determine the most appropriate strategic approach for delivery and the relationships you will need to develop with the supply chain.

Strategy and Policy

Consider how well the delivery model aligns with departmental and government strategies and policies. How will it ensure delivery of strategic objectives, such as SME engagement, equalities or social value?

Transition and mobilisation

Consider how easy it will be to transfer existing services into the new model. If this is a new services, what challenges will you face setting up and mobilizing the service? Consider issues such as recruitment (or TUPE implications), timescales and systems developments.

Service delivery

Consider how the delivery model will guarantee ongoing service quality, innovation and continuous improvement. What management structures will be required, whether insourced or outsourced? How will you manage SLAs and KPIs?

People and assets

Consider the capabilities and skillsets needed and existing capacity (internal or in the external market). What flexibility will you need (e.g. if volumes change) and how well can the delivery option meet these needs? What will the training and recruitment impact be? What other investments may be required and who will own any assets (including intellectual property)?

Risk and impact profile

Identify the commercial and operational risks that may impact the delivery of services.

Who is best placed to manage these risks and how might they be mitigated by the delivery option?

4 Assess the whole life cost of the project

Use your strategic approach and service definition to identify the cost drivers for the transition and mobilisation phase and a period of running. All projects should develop an appropriate Should Cost Model.

5 6 Conduct the evaluation and align the analysis

The cross-functional team should assess each of the evaluation criteria against the agreed weightings.

Learn from objective evidence, past projects and colleagues across the public and private sector (this may include engaging with the market) to test and sense-check your findings. Consider a Red Team review to validate your findings.

7 Recommendations and approvals

Develop and document your recommendations and ensure approval via the project board

8 Piloting and implementation

Build your commercial strategy and identify any requirements to pilot the outcome of your assessment (see Guidance Note)

DMA Recap: Scope of the Service



Museums

- Nottingham Castle
- Wollaton Hall & Deer Park
- Greens Windmill (& Science Centre)
- Newstead Abbey
- Nottingham Industrial Museum (on the Wollaton Estate)
- Museum of Nottingham Life (at the Brewhouse Yard)

Main collections & archives

- Fine and decorative arts
- Natural sciences
- Archaeology
- Social and industrial history
- Lace and lace making
- Textiles

Supporting facilities

- Waterworks Building
- Communities Courtyard (Wollaton Park)
- Whitemoor Court

Other specialisms

- Bio records
- Archaeologist services

Collections					Heritage Sites		
Principal curation	Exhibitions curation	Museum development	Audience engagement	Learning programmes	Site Operation management	Heritage estates & property	Estate rangers
Collections records management	Design & interpretation	Field ecology	City Archaeologist	Digital content	Experience & engagement	Visitor leads & assistants	Events
Asian arts	Fine & decorative arts	Human history	Lace, costume, & textiles	Volunteers		Commercial and concessions	Catering
Conservation	Byron Collections	Natural sciences	Health & Safety	Marketing and Promotion	Heritage Site hires / Weddings	Commerce & retail	

DMA Recap: Financial evaluation



COSTS

COS-01	Operating costs
COS-02	Trading costs
COS-03	Level of Council subsidy
COS-04	Transition/setup costs
COS-05	Recovery of costs
COS-06	
COS-07	
COS-08	
COS-09	

LIABILITIES

LIA-01	Grant repayment liabilities
LIA-02	Landlord liabilities
LIA-03	Taxation liabilities
LIA-04	Other/additional liabilities
LIA-05	
LIA-06	
LIA-07	
LIA-08	
LIA-09	

INCOME

INC-01	Grant funding
INC-02	Fund raising
INC-03	Trading income
INC-04	Monetary donations
INC-05	Disposals
INC-06	
INC-07	
INC-08	
INC-09	

DMA Recap: Non-financial evaluation



STRATEGIC

ST-01	Strategic Council Plan
ST-02	Nottingham Heritage Strategy
ST-03	Cultural Statement & Framework
ST-04	Improvement & innovation
ST-05	Social Value requirements
ST-06	Wider government agenda
ST-07	External agency recognition
ST-08	External funding conditions
ST-09	NPO funding into the City

ECONOMIC

EC-01	Economic renewal & recovery
EC-02	Impact on GVA
EC-03	Leverage other growth initiatives
EC-04	Impact on other City economy
EC-05	Enabling partnerships
EC-06	Developing services
EC-07	
EC-08	
EC-09	

PEOPLE & ASSETS

PA-01	Level of asset transfer
PA-02	Personnel transfer & retention
PA-03	Impact on internal services
PA-04	Legal obligations for assets
PA-05	Opportunities for workforce
PA-06	Senior capability & experience
PA-07	Volunteer programme objectives
PA-08	Other social imperatives
PA-09	

DELIVERY

DE-01	Organisational experience
DE-02	Continuity during transition
DE-03	Interim solutions
DE-04	Proven track record
DE-05	Protecting accreditations
DE-06	Impact on customer experience
DE-07	
DE-08	
DE-09	

MARKET & SUPPLIERS

MS-01	Viable market & competition
MS-02	Market interest & appetite
MS-03	Existing market precedents
MS-04	Fit to commercial strategy
MS-05	Scope of full service
MS-06	
MS-07	
MS-08	
MS-09	

RISK

RI-01	Financial risk
RI-02	Reputational risk
RI-03	Commercial risk
RI-04	Operational risk
RI-05	Sustainability/resilience risk
RI-06	Governance risk
RI-07	Contractual risk
RI-08	Duties & responsibilities
RI-09	



Retain In-house ("As Is")	In-house "Plus" (create Charitable entity)	Move to Trust (Council Controlled)	Merge with other regional entity/entities	Move to Trust (fully Independent)	Transfer to existing Not-for-Profit provider	Commercial outsource	Cease (& dispose)	Cease (& mothball)
Under this option the Service would effectively remain "as is" with little or no change to the current delivery and operating model	Under this option the Service would continue to operate "as is" but with the creation of a charitable entity to allow for other potential sources of income and charitable benefits	Under this option the Council would continue to manage the Service, but it would be placed under a Trust arrangement with some "arm's length" governance and legal structures	Under this option the Council would seek some kind of merger (or "Shared Service") with neighbouring Authorities and/or public sector cultural organisations	Under this option the Service would move into a Trust which is fully independent from the Council in terms of day-to-day operations	Under this option the Council would seek to transfer the sites and collections under the management of a regional or national not-for-profit operator	Under this option the Council would seek a commercial operator to take on the management and operation of the sites and collections	Under this option all non-statutory elements of the Service would cease with a programme of disposal for relevant assets	Under this option all non-statutory elements of the Service would be suspended and put "on hold" until such time as Council finances allow a viable re-opening

DMA: Evaluation summary



Retain In-house ("as is")	In-house "Plus" (create new Charitable entity)	Move To Trust (Council controlled)	Merge with other regional entity/entities	Move To Trust (independent)	Transfer to existing Not-For-Profit provider	Commercial outsource	Cease (& dispose)	Cease (& mothball)
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Financial evaluation: Potential to reduce reliance on Council funding/contribution

Medium	High	High	Medium	Medium	Low	Low	Low	Low
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Landlord liabilities	Medium	High	High	Medium	Medium	Low	Low	Low
Grant repayment	High	High	High	High	High	High	High	High
Operating subsidy	Low	Medium	Medium	Medium	High	High	High	High
Transition/Setup	High	High	High	High	High	High	High	High
Trading income	Medium	Medium	Medium	Medium	Low	Low	Low	Low
Grant funding	Medium	High	High	High	High	High	High	High
Other income	Low	High	High	High	High	High	High	High

Non-financial evaluation scoring: Protection of cultural, economic, & strategic outcomes

High	High	High	Medium	Medium	Medium	Low	Low	Low
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Strategic	High	High	High	High	High	High	High	High
Economic	High	High	High	High	High	High	High	High
People & Assets	High	High	High	High	High	High	High	High
Delivery	High	High	High	High	High	High	High	High
Market & Suppliers	High	High	High	High	High	High	High	High
Risk	High	High	High	High	High	High	High	High



- Remaining “as is” with increasing cost cutting pressure will likely impact the income potential across the Service, in turn necessitating a greater proportion of Council subsidy (potentially offsetting any savings)
- Most delivery model options which provide greatest potential for reducing revenue funding pressures also require the Council to relinquish oversight and control of day-to-day operations of assets under the Service
- Models which result in arm’s length management and operation of the assets will likely increase the pressure and liabilities for Council as the landlord, but without any associated grant funding to contribute to capital maintenance requirements
- Increasing the potential to create income, access more external funding, and benefit from specific tax reliefs available to the cultural sector provides opportunities to reduce the Council subsidy
- The cease & dispose option will likely reduce the potential value of assets (the “fire sale” effect) and requires continued operation of a reduced Service, as well as securing the sites/collections during any winding down period (building disposal could take up to 10 years based on other Council precedents)

DMA: Models versus outcomes



Retain In-house ("As Is")	In-house "Plus" (create Charitable entity)	Move to Trust (Council Controlled)	Merge with other regional entity/entities	Move to Trust (fully Independent)	Transfer to existing Not-for-Profit provider	Commercial outsource	Cease (& dispose)	Cease (& mothball)
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Protecting cultural, economic, and strategic outcomes for the City, residents, visitors, & business

Reliance on Council funding/contribution (revenue)

Potential on-going liability for Council funding/contribution (capital)

Market appraisal headlines



Retain In-house ("As Is")	In-house "Plus" (create Charitable entity)	Move to Trust (Council Controlled)	Merge with other regional entity/entities	Move to Trust (fully Independent)	Transfer to existing Not-for-Profit provider	Commercial outsource	Cease (& dispose)	Cease (& mothball)
<ul style="list-style-type: none"> The dominant models for Core Cities in England: <ul style="list-style-type: none"> Bristol, Leeds, Manchester are in-house with a Development Trust Birmingham is under a Trust with LA control Nottingham are the only Council without a Development Trust Many other national examples of retained in-house Service with associated Development Trust across non-Core City Authorities 			<ul style="list-style-type: none"> Some precedents for Core Cities: <ul style="list-style-type: none"> Newcastle under combined service (Tyne & Wear) with a Development Trust Sheffield is an independent Trust Engagement with local and regional stakeholders identified no viable options for any merger with NCC (in fact it is likely that the NCC M&G Service is better placed to absorb other regional cultural organisations) Moving to an independent Trust model would be akin to the previous Nottingham Castle Trust arrangement but with all sites and the associated collections being under the control and management of that Trust (buildings and land remaining with NCC) 		<ul style="list-style-type: none"> No precedents in the UK for a commercial outsource of an entire Service of this nature (only some individual sites which presented the best financial and commercial viability) No existing not-for-profit organisations (e.g. National Trust, English Heritage) who would be interested in the integrated Service No existing commercial providers (e.g. Merlin, Yorvik) who would be interested in the Integrated Service 		<ul style="list-style-type: none"> Due to the loss of NPO status there are very few precedents for cultural or historic sites being ceased on a wholesale, Service-wide basis Northampton lost accreditation in 2014 after the sale of an Egyptian statue and took almost 10 years to regain accreditation All local stakeholders consulted expressed concern for the significant impact on the city, communities, and economy under potential closure of the service or any site(s) 	



- CounterCulture engagement covered:
 - Direct discussions with 25 individuals from 21 organisations, ranging from national funders to regional and local partnerships
 - A range of case studies of current arrangements:
 - 7 core cities in England
 - 11 other NPO Authorities
 - 4 non-NPO organisations
 - Roundtable session with thought leaders in the sector (from Authorities, Trusts, advisory and research organisations)
- Some additional findings which arose:
 - Current NCC service is amongst the “highest performing” in terms of the quality of cultural and economic offer, with one of the lowest LA subsidies
 - External organisations have concerns over the risk of engagement/commitment to long term initiatives with the Council due to the current financial issues

NCC performance nationally



Metric	NCC Value	England	Core Cities	East Midlands
Level of LA subsidy	24%	5 th lowest	Lowest	Lowest
Employee costs / total expenditure	32%	120 th	Lowest	Lowest
Total income	£4.828m	2 nd highest	Highest	Highest
Net expenditure per capita	£4.75	136 th	3 rd	14 th
Income per capita	£15.11	Highest	Highest	Highest

Notes:

- Based on data submitted under the 2022/23 general fund revenue outturn RO5 (line 114 – Museums & Galleries)
- “England” = 193 Authorities, including London Boroughs, with an active M&G Service (RO5 income and expenditure figures suggesting a live, current operation)
- “Core Cities” = in England: Bristol, Leeds, Manchester, Newcastle upon Tyne, Sheffield (excludes Liverpool who are under National status and Birmingham who operate under a separate Council-controlled Trust)
- “East Midlands” = the 17 Authorities forming the East Midlands Council
- NCC 2022/23 submission **excludes Nottingham Castle** (pre-return to the Council), the performance of which is being monitored monthly against the agreed business plan

DMA: Preferred models



	Retain In-house ("as is")	In-house "Plus" (create new Charitable entity)	Move To Trust (Council controlled)	Merge with other regional entity/entities	Move To Trust (independent)	Transfer to existing Not-For-Profit provider	Commercial outsource	Cease (& dispose)	Cease (& mothball)
Financial evaluation: Potential to reduce reliance on Council funding/contribution									
	Medium	High	High	N/A	Medium	N/A	N/A	Low	Low
Landlord liabilities	Yellow	Green	Green	Grey	Yellow	Grey	Grey	Green	Yellow
Grant repayment	Green	Green	Green	Grey	Green	Grey	Grey	Orange	Orange
Operating subsidy	Orange	Yellow	Yellow	Grey	Yellow	Grey	Grey	Yellow	Yellow
Transition/Setup	Green	Yellow	Yellow	Grey	Yellow	Grey	Grey	Orange	Orange
Trading income	Yellow	Yellow	Yellow	Grey	Yellow	Grey	Grey	Orange	Orange
Grant funding	Yellow	Green	Green	Grey	Yellow	Grey	Grey	Orange	Orange
Other income	Orange	Green	Green	Grey	Green	Grey	Grey	Orange	Orange
Non-financial evaluation scoring: Protection of cultural, economic, & strategic outcomes									
	High	High	High	N/A	Medium	N/A	N/A	Low	Low
Strategic	Green	Green	Green	Grey	Green	Grey	Grey	Orange	Orange
Economic	Green	Green	Green	Grey	Green	Grey	Grey	Orange	Orange
People & Assets	Green	Green	Yellow	Grey	Yellow	Grey	Grey	Orange	Orange
Delivery	Green	Green	Yellow	Grey	Yellow	Grey	Grey	Orange	Orange
Market & Suppliers	Green	Green	Green	Grey	Green	Grey	Grey	Orange	Orange
Risk	Green	Green	Green	Grey	Yellow	Grey	Grey	Orange	Orange



- The models which are most likely to provide the best opportunity to safeguard the cultural, economic, and strategic outcomes (for the City, its residents, visitors, and local businesses) whilst reducing reliance on funding and financial contributions (from the Council) are those which maintain a level of in-house provision and/or with the establishment of associated charitable entities
- The aim of these preferred models is to increase opportunities for income and external funding, in order to reduce (and perhaps entirely remove) the need for Council operating/revenue subsidies as well as seek to contribute towards capital liabilities for maintenance of assets.
- The establishment of charitable entities will, for example, enable the following:
 - Ability to seek larger donations as a source of income, which will be eligible for Gift Aid at the 20% basic rate
 - Application for Museums & Galleries Exhibition Tax Relief, currently at an uplifted rate of 45% under post-Covid measures (the normal level being 20%)
 - Ability to seek additional funding through active fundraising, additional grants, sponsorships, fostering long-term sustainability and supporting various initiatives such as exhibitions, educational programs, and conservation efforts
 - Protection of the current NPO accreditation and seeking to increase the NPO funding envelope through the inclusion of Nottingham Castle
 - An agreed and monitored, revised business plan to proactively reduce the Council subsidy over the next 3-5 years

Next steps: Revised business plan

