

# New delivery models and funding structures beyond organisational boundaries

Models of devolved delivery for  
museums, libraries & archives

## 1.1 Context: what is it?

### What is devolution?

Devolution is the transfer of strategic and financial control

over its services

from local authority to a separate organisation:

- A charity or trust (**philanthropic**)
- A private sector company (**investment**)
- A new or existing social business (**enterprise**)

### What does it look like?

Traditionally single service charities

But scenario now varying with new emergent models:

- **Merging of specialised services**
  - Northumberland Museum & Archive
  - Sport & Culture Glasgow
- **Merging of boundaries**
  - Greenwich Leisure
- **Merging with the third sector**
  - Salford Museum

## 1.2 Context: why explore it?

### Why devolve?

- To gain **savings**
- To keep services **open** in communities threatened with closure
- To make it easier to **fundraise** – people don't give to councils
- To gain increased **independence** – external bodies have stronger voices
- To gain increased **expertise** / skills – plug capacity gaps
- To embed a different **culture**
- To become **sustainable** & vary sources of support

## 1.3 Why devolve: driving social change

guardian.co.uk

### Council services in our hands

With its thousands of volunteers, could the National Trust provide a model for running local parks and libraries as town halls face financial meltdown?



**Peter Hetherington**  
The Guardian, Wednesday 12 May 2010

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Will people volunteer

to run their local parks and libraries? Photograph: Sarah Lee for the Guardian  
Imagine a country where parks, libraries, leisure centres and a string of other facilities run by the local council are up for grabs; where valuable buildings and assets, from schools to swimming pools and land holdings, are hived off to neighbourhood groups, parish councils, charities or not-for-profit companies.

While public sector unions, and the municipal establishment, might visibly blanch at such a prospect, in the real world that we are now entering, after the insularity of a four-week election campaign, tough choices are looming. Functions seen as important, yet non-essential, face an uncertain future under any new government.

### Devolution can help the sector deliver social change

- Charitable delivery for public benefit
- Community delivery
- Staff ownership
- Private sector partnerships

### Economic regeneration

### Community empowerment

### Big Society

.....  
The devolution opportunity for museums, libraries & archives

## 1.4 Devolution: the real opportunity

### Social change

- Economic regeneration
- As well as state delivery:
  - Charity delivery
  - Community delivery
  - Staff ownership
  - Private sector
- Community and Big Society  
Partnerships between public, private & third sector – and the community

**Achieving more...**

### Financial change

- Managing cuts to budgets & resources, making savings
- Economies of scale
  - Merging with other cultural services
  - Merging across boundaries
  - Integration with third sector
- Diversification of income sources

**... with less**

## 2.1 Philanthropic models

### Fundamentals

- Charity or trust
- Most common devolution format
  - 120 charitable leisure trusts usually including sports
  - In 2006 8% museums devolved trusts

### Key strengths

- Charities protect assets – can be transferred to drive income generation
- Charities are eligible for grants, can trade and create partnerships
- Charities can benefit from the most tax exemptions of all models

### Key risks

- NNDR relief not exclusive to charities and a gift of Treasury
- Increasingly competitive market: regional mlas traditionally have lost out
- Growth requires enterprise activity and investment partnerships
- Most devolved cultural services yet to exploit fundraising and gift aid
  - if not prepared to ask for donations why become a charity?

## 2.2 Investment models

### Fundamentals

- Models that contract or partner private sector – for profit
- Second most common form of devolution
  - >1% museums in 2006 and two library services

### Key strengths

- Embeds partnership working – particularly applicable to joint services
- Demand led
- Associated with efficiency - and delivers - but not unique to model
- *Unique* capacity for significant investment to restore deteriorating assets and guarantee long term budget projections

### Key risks

- Risk of virtual monopolies driving improved but homogenised services rather than ones determined by need
- Little incentive to embed key entrepreneurial and management skills
- Over time investment is likely to be offset by gross profit

## 2.3 Community enterprise models

### Fundamentals

- Delivery of cultural services by social enterprises – for ‘profit’
- Little sector take up but third sector growth area - as charities but also social enterprises, community or staff ownership models

### Key benefits

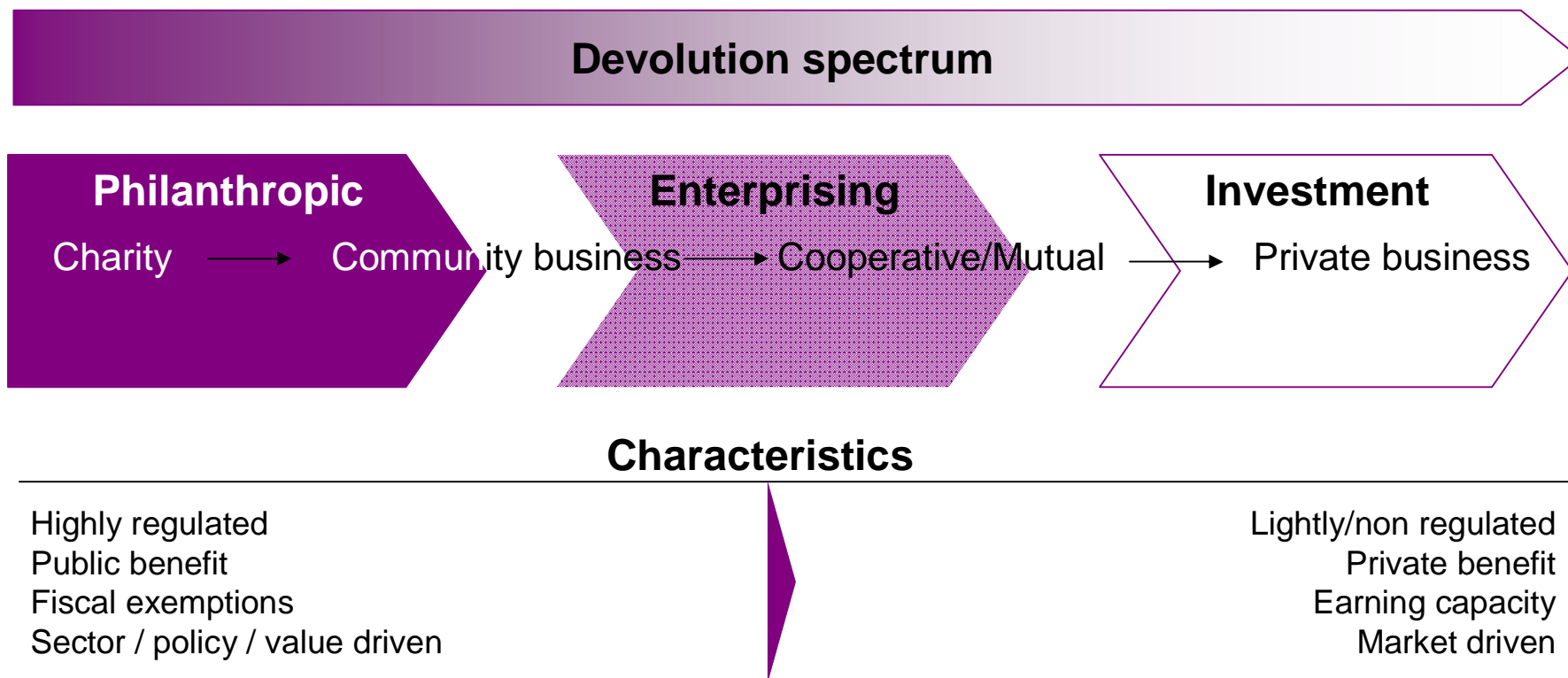
- Uniquely flexible governance formats for collaborative partnerships
- Potential for highest efficiency
- Locally responsive
- Asset development models can be used strategically to create economic impact within deprived areas

### Key risks

- Transfer of assets – land, collections, money – needed for success
- Need for entrepreneurial leadership – capacity gap for sector
- Greater risk of staff reduction
- Risk around achieving diversity
- Challenge in managing the compatibility of charged services with a free core service



## 2.4. The devolution spectrum



## Efficiencies

- Fiscal exemptions
  - NNDR
  - VAT
- Low operating cost
  - centralising costs
  - sharing resources
  - pay and pensions
  - volunteers
  - restructuring

## Earning

- Strategic commissioning
- Entrepreneurialism
- Admissions & consumer charges
- Philanthropy & gift aid

## Assets

- Asset transfer
  - Building & land
  - collections
- Endowment

## 3.3 Final thoughts: MLA's support

### Strategic analysis

#### The opportunity of devolved governance for museums libraries and archives

- range of models applicable to museums, libraries and archives
- assessment of strengths and weaknesses of each legal format
- 'best practice' case studies
- key areas of risk

### Practical guidance

#### An online resource available shortly including

- A feasibility framework for developing trust options for museum services
- A guide to the review process and legal transfer issues
- Precedent legal documents to save replication costs from local authority to local authority

### Advice and support

#### Hands on support

- Your Field Team can advise with options appraisals around devolution
- Future Libraries Programme

### **There is more than one devolution model**

Devolution is a strategic response to more than one political imperative - sector improvement, economic recovery, Big Society.

Different devolution models will support different outcomes.

Selection should be based on local need and appropriateness rather than what has worked elsewhere.

### **Devolution is an option open to any service**

With the right plan in place there is no reason to suppose that any service – single or joint, high or low performing, museum library or archive – could not successfully devolve.