

Appendix 3

Operating Model Options.

Operation Model	Description	Strengths	Weaknesses
Direct Operation by the Council	<p>In this option BCKLWN would directly run the Centre with Council staff and systems. A new team would be recruited from existing council departments.</p>	<p>Council already has an existing governance and management structure</p> <p>The Centre is intended to deliver some key priorities of the Council</p> <p>Full control of an important Towns Fund project.</p>	<p>Unable to access charitable fundraising opportunities and other charitable benefits</p> <p>Unlikely to be sufficiently entrepreneurial to achieve mixed business model</p> <p>Systems and procedures not compatible with agile commercial operation of a cultural/heritage organisation</p>
Operation by an Alive West Norfolk or another existing organisation	<p>Alive West Norfolk is a wholly owned (by the Council), not for profit company - it is not a charity.</p> <p>Alive West Norfolk runs four Leisure Centres in the area along with King's Lynn Corn Exchange venue and currently manages the Guildhall on behalf of the Council.</p> <p>Alive West Norfolk's current Business Plan does not include any plans to expand its operation by involvement in further cultural business activities, or into the arts and creative enterprise sectors - as is proposed with the Guildhall project. There have been no discussions therefore to explore this option in any more detail.</p>	<p>Existing entity /structure avoids start up burden and any delay of registration</p> <p>Charity with significant fundraising and taxation benefits</p> <p>Single regulation by the Charity Commission</p>	<p>Would need to change charitable objects</p> <p>Existing organisation would need to adopt the Governing document</p> <p>Wouldn't necessarily have the expertise required</p> <p>Consent of National Trust (as freeholder of the Guildhall) required</p>

New Independent Charitable Organisation	In this option a new, appropriately named charitable organisation with a commercial trading subsidiary is created. A Service Level Agreement is negotiated with BCKLWN and there is additional fundraising and commercial activity. A new team is recruited to run the Centre and new systems established.	<p>New mission focused organisation created to deliver key priorities for all stakeholders</p> <p>Fit for purpose partnership governance and management structure</p> <p>Opportunity to recruit trustees with relevant expertise and networks Fundraising and taxation benefits as a charity</p> <p>Benefits from charitable status yet with commercially minded team</p>	<p>Costs and delays in setting up new charity from scratch, recruiting new team and experienced trustees</p> <p>Lack of track record in building local partnerships and wider fundraising</p> <p>Will take time to build financial reserves to support trading and maintenance</p> <p>Council loses full direct control of a key asset.</p>
Legal Entity Options			
A Charitable Company Limited by Guarantee (CLG)	Until recently, this was the traditional charity structure for most cultural and heritage organisations. A company limited by guarantee is registered with Companies House and applies to become a registered charity with the Charities Commission. The company directors are also the charity trustees and often the members of the company. Non charitable commercial activity is undertaken by a wholly owned trading subsidiary.	<p>Charity with significant fundraising and taxation benefits</p> <p>Easy CLG registration means that company can exist whilst waiting for charity registration</p>	<p>Dual regulation by both Companies House and the Charity Commission and ongoing administrative/filing requirements with both regulators</p> <p>Long delays in registration at Charity Commission</p>
A Charitable Incorporated Organisation (CIO)	The recently introduced 'simplified' charity structure now chosen by most new charities. A Foundation CIO has a group of trustees who also are the voting members of the charity and there is no wider membership. Non charitable commercial activity is undertaken by a wholly	<p>Charity with significant fundraising and taxation benefits</p> <p>Single regulation by the Charity Commission</p>	<p>CIO does not exist until the Charity Commission approves the application</p> <p>Long delays in application process at Charity Commission</p>

	owned trading subsidiary.		Can be harder to access commercial loan finance.
A Community Interest Company (CIC)	A CIC is sometimes chosen when commercial trading for community benefit is paramount or when commercial finance is required. A company limited by guarantee or shares with same Directors and Members is registered with Companies House and with the CIC Regulator. No extra trading subsidiary is required.	Easier registration Simplified trading within CIC.	Not a charity, so no taxation benefits Some traditional grant givers will not support CICs Dual regulation by Companies House and CIC regulator.