

Appendix 3

Operating Model Options.

| Operation Model | Description | Strengths | Weaknesses |
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| 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> |

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| 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> |

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| | 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. |