



Association of  
Independent  
Museums

# AIM Success Guide: Local Authority Museums in Wales Considering Different Operating Models

# Contents

■	Introduction	03
■	Context	04
■	Models Of Operation	07
■	Advantages and Disadvantages	09
■	Key Questions	10
■	The Process Of Change	11
■	Feasibility Study	13
■	Developing a Business Plan	15
■	Transfer	17
■	Post Transfer	18
■	What Works?	19
■	Clarity of Vision	20
■	Robust Service Level Agreements	21
■	Independence	21
■	Commercial Approach	23
■	Workforce Skills & Strong Leadership	24
■	Lessons Learned	25
■	Conclusion	27



# Introduction

This guide is intended for local authority museum managers and decision makers who may be considering alternative models of operation for their services.

Over the last ten years there has been an increase in the number of museums moving to new models of operation across the UK. There is no single preferable model for operating museums. There are examples of thriving museums as independent trusts, shared services and fully within council operation. It is strong partnerships which are key to having a sustainable service.

Deciding to embark on a new model of operation requires time, financial investment and consideration of a wide range of factors. It is not a means of addressing immediate funding challenges. Successful museums are driven by a clarity of vision, purpose and priorities. They are also dependent on robust financial acumen, a skilled and dedicated team and commitment to the communities they serve.

Whether you have already embarked on the journey of becoming a trust or are being asked to consider the implications of changing governance model for your museum, this guide offers clear and practical advice on navigating the process. It includes information on different models of operation, insights into key success factors and it draws on case studies to provide lessons learned from others who have been through the process. There are a variety of different models of operation to which museums may transfer to and this guide offers an insight into the options available with a specific focus on the process of moving to trust.

This guide does not endorse any specific type of operating model over another. Rather, it encourages best practice in the process of considering options to ensure the museum service remains sustainable. Each museum service will need to consider what is the best course to follow within its own context.

## The guide includes the following sections:

- Models of Operation
- The Process of Change
- Key Success Factors
- Lessons Learned

This guide highlights existing guidance and key considerations for exploring alternative approaches for delivery. While some of the referenced documents were written several years ago, they are cited here as their content remains relevant for consideration today.

## The following key guidance documents should be consulted in detail where relevant:

- [An opportunity for change: Exploring the trust option for museum services](#), Lawrence Graham LLP. Published by Renaissance Yorkshire, 2008.
- [Making the Most of your Museums](#), Local Government Association, 2019
- [Successfully Taking Over Your Local Museum](#): A guide to community asset transfer of Museums, Bethany Rex. Published by the Association of Independent Museums, 2018.



# Context

Image credit: Unsplash



## Context

*Museums across Wales make important contributions to the Welsh and local economies: they inspire learning, support wellbeing, and hold in trust local and national collections. The commitment to culture is underpinned by the Well-being of Future Generations (Wales) Act.*

Museums play a key role in delivering national strategic priorities including the *Programme for Government, the Anti-Racist Wales Action Plan, LGBTQ+ Action Plan and Priorities for Culture*. Through their work, museums ensure that heritage is inclusive and representative of all communities and they are responding to key agendas around climate action, community participation, and social justice, helping to create a fairer, greener, and more equal Wales.

### Strategic Local Authority Context

In 2014, Welsh Government commissioned an Expert Review of local museum provision. One of its purposes was to identify sustainable future models of service delivery, maximising opportunities offered through collaboration, partnership, and innovation. Published in 2015, The Expert Review recommended against transferring museums out of LA control for financial reasons, instead recommending that “*Local authorities, when reviewing their museum services, should consider all options including retention of present operation, transfer to alternative delivery model or closure and to do this in consultation with Welsh Government*”.<sup>1</sup>

In 2011, there were 45 local authority museums<sup>2</sup> and in 2022, there were 31<sup>3</sup> in Wales. While there has been a decrease in directly operated services it is estimated that 75% of museums in Wales receive financial and/or professional support from their local authority, including direct support for operating costs, discretionary business rate relief and free or low-cost building occupancy in council-owned property.<sup>4</sup>

Museums within local authorities in Wales sit within a range of service directorates. Most commonly within a culture, sport and leisure directorate, but there are examples where museums are assigned to a communities, education or economic development directorate. There is no statutory obligation on local authorities in Wales to provide museum services.

Over the last decade there has been a trend in the UK towards transfer of museums to new entities. Transfers have included the establishment of new Museum Trusts, transfers with other services as part of a wider culture trust or as part of a leisure trust and community asset transfers. For example, The Cynon Valley Museum Trust was established in 2015 after the Local Authority considered the closure of the Museum in November 2014. It was borne from a community led campaign which had lobbied for the Museum to remain open.

In all cases, success is most likely where the intention of changing operating models is driven by an ambition to develop the service and improve its quality of delivery for the community. Clearly articulating the impact of its work - alongside transparency about how and why the museum operates as it does - is vital to ensuring that key decision makers can make informed decisions when considering new models of operation.

## The bigger picture

The challenges faced by museums are not unique to Wales. The Museum Association's 2021 report into local authority investment in museums highlighted that local authority investment in museums across the UK has declined over the last decade.<sup>5</sup> These reductions have had a wide-ranging impact on the sector including reduced opening hours and reduced investment in buildings and collections, and in some cases museum closures.

As local authority spend on protected services continues to rise - especially across education and social care - the financial situation for local authority supported museums in Wales is unlikely to improve through council funding. This is leading to more museum services considering whether and how they should change to protect and preserve local heritage for future generations.

A move to a different model of operation may provide the financial freedom to enable a museum to thrive. The change also carries with it significant risks, especially if it is purely financially motivated, and lacks a robust transfer process. A poorly planned transfer out of local authority operation could result in services being later transferred back into the council or folding completely.

---

<sup>1</sup> [Expert review of local museum provision in Wales 2015](#), page 3.

<sup>2</sup> [Spotlight on Museums 2011](#), page 10

<sup>3</sup> [Museum Spotlight Survey: 2022](#), page 19

<sup>4</sup> [Museums Spotlight Survey: 2022](#), page 36

<sup>5</sup> [Local-Authority-Funding-Report-2021](#), page 10





# Models of Operation

Image credit: Unsplash

## Models of Operation

There are a range of alternative ways in which a museum service can be delivered outside of a local authority framework. In most instances a charity or not-for-profit model will be considered. In order for museums to retain their Accredited status they will need to demonstrate that they meet the constitutional guidelines as outlined in the standard.

‘The museum must be a long-term organisation that exists to benefit the public and protect its assets, including collections. It must have an appropriate and acceptable constitution for the governing body.’ – Museum Accreditation Guidance

Model	Summary
<b>Museum Charitable Trust</b>	The objects of the charity will specify the provision of a museum, gallery or similar facility which holds collections in trust for public benefit. They also promote education and advancement of art.
<b>Culture and/or Leisure Trust</b>	<p>A charity which manages and operates a range of services. This may include leisure centres, theatres, libraries, sports development, arts development, museums, and community centres. As a charity it reinvests generated income back into services which are run for public benefit.</p> <p>Examples of mixed service Trusts include Leisure and Culture Dundee, a Scottish Charitable Incorporated Organisation which operates leisure services, libraries, City Box Office, Creative Learning, Music Development and Museums and Galleries.</p> <p>Warrington Culture manages two performing arts venues and Warrington Museum and Art Gallery. They also deliver a Contemporary Arts Festival.</p>
<b>Community Management</b>	This term is used to describe the involvement of members of the community or of community groups in the ownership and control of an organisation (which could take the form of a charitable trust, mutual or social enterprise) to deliver services spun out from an authority. See <a href="#">Successfully taking over your local museum - AIM - Association of Independent Museums</a> for guidance on community asset transfer of museums.
<b>Local Authority Trading Company</b>	An authority creates an arm’s-length company which can trade and/or provide services, allowing a more commercial approach. Hull Culture and Leisure is a limited company wholly owned by Hull City Council.
<b>Mutual</b>	A mutual company is owned by its members. It is run for the benefit of the members. Members could be employees, members of the community, service users or a mixture. A mutual can seek charitable status.
<b>Social Enterprise</b>	A social enterprise is any business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for shareholders and owners.



A Charitable Company Limited by Guarantee or Charitable Incorporated Organisation (CIO) is the most common form of trust established by local authorities. Both provide limited personal liability for trustees. Charitable Companies are subject to dual regulation from both the Charity Commission and Companies House. CIOs are regulated only by the Charity Commission. For further information on Charity types and how to choose a structure, the Charity Commission provides helpful guidance.

### Advantages and disadvantages

It is not assumed that a new model of operation is right in all circumstances, and it is vital that a museum undertakes a robust analysis of the advantages and disadvantages that are particular to their service and local authority context. Some broad advantages and disadvantages to operating outside of a local authority include:

Advantages	Disadvantages
Being part of a new operating model can allow the museum to review and be clearer about its purpose/objectives and control its own destiny.	Loss of back-office support of a local authority (legal/HR/finance/ICT) and the costs for these services may be higher outside the local authority.
Having greater financial freedoms and being able to raise income and fundraise independently, if given appropriate control to do so.	Once the museum service is under no obligation to respond to local council priorities it becomes at risk of becoming overlooked by that authority.
May create more entrepreneurial approach, a greater awareness of full costs and capacity of staff to manage finances more efficiently.	Increased pressure on museum service to source alternative funds and/or generate income (which may not be viable in its particular context) and the need for continued funding from the local authority.
Focused on delivering the vision and mission of the new organisation as opposed to the local authority.	Challenge to establishing effective fundraising as a new organisation will not have a track record or be able to offer match funding/ support in-kind.
Opportunity to develop new partnerships and connections with groups who may not have wanted to work with the local authority.	VAT liabilities may apply.
Increased speed of decision-making and a more focused and business-like approach.	The museum service may be overlooked as part of a wider leisure/culture organisation which includes bigger services.
Ability to claim Gift Aid and possibility of business rates relief.	Costs and time required to set up can be significant.

Once different models have been considered, the local authority may decide to keep the museum service in house. In this instance the thorough process of an options appraisal should help identify ways in which the museum can improve efficiency and identify barriers to progress which may exist within the local authority.

## Key questions

Key questions to consider and ask as a museum manager if your local authority is considering developing a new model of operation:

- Is anyone considering new operating modes for all/wider culture, sport and leisure services?
- Who's leading the discussions and how can the museum engage with them?
- What consultation is being undertaken and with whom (stakeholders/ the public)?
- At what stage will the museum service be consulted and/or engaged in the process?
- What are the aims of the council in seeking to change the museum governance model?
- Has anyone spoken to people from elsewhere who have been through this process?



# The Process of Change

Image credit: Unsplash

# The Process of Change

Changing delivery model takes considerable time and needs to be planned thoroughly. Throughout the process decision makers should be questioning and challenging the changes proposed. Having a steering group of councillors and senior council staff to oversee the process is recommended.

The table below has been adapted from the four-stage process outlined in ‘An Opportunity for Change: Exploring the Trust Option for Museum Services’<sup>6</sup> which demonstrates how a transfer to a new operating model should be managed. This guide should be referred to for further details on the process of moving a service to Trust.

Stage	Legal	Business	Communications
<b>Feasibility</b>	Assess existing arrangements including: collections, properties, other assets, current staffing	Define aim and intention of the new entity  Assess present position  Identify options  Learn from elsewhere  Develop recommendations for future governance  <b>In principle decision</b>	Identify stakeholders and their concerns  Inform key stakeholders in an appropriate way  Keep stakeholders informed, ensuring those most impacted receive frequent communication  Share and discuss findings of options appraisals/ assessments with stakeholders
<b>Detailed planning</b>	Prepare required documentation (including Service Level Agreements which include funding allocations and arrangements for staff)  Establish shadow board	Develop a detailed business plan (5 year)  <b>Approval</b>	Keep stakeholders involved in the development of the plan and updated on the process
<b>Transfer</b>	Establish full trustee Board  Initial training of Board  Finalise suite of documents  Establish legal entities	Delivering pre-transfer organisational changes  <b>Transfer date – It all goes live!</b>	Maintaining and building relationships as a new entity
<b>Post-transfer</b>	Ongoing trustee training	Implementing business plan	Maintaining and building relationships which align with the new entities vision, mission and values.

### Feasibility study

Feasibility is the stage at which considerations are made about what would be the best operating model for the museum service. Within this stage there is a need to assess the current arrangements, the collections and their ownership, buildings, other assets, staff contracts, operating costs, and commitments to funders. It is also a time to reach out to others who have been through the process of changing operating model and learn from them about what worked well and what lessons they learned. It is important that communication with staff, volunteers and stakeholders is well managed at this stage, a plan should be developed to ensure there is appropriate levels of engagement and consultation.

This stage should include a review and appraisal of options available, including a range of operating models and the option for the service to remain within the council. The review should consider the implications for the service, staff, council and communities in changing governance model. Consideration will need to be given to political concerns, legal issues, capacity and budget implications and budget available to manage the process.

### Funding projections

One of the questions that must be posed prior to any change in delivery model is whether the organisation will be viable in financial terms. Often the key driver for exploring the option of outsourcing museum services is a financial one. There is sometimes an assumption made that museum services delivered externally can support cost cutting and efficiency savings. In these instances, the continued reduction of investment will inevitably lead to a compromised service and could result in decisions about closure.

A service needs to be in a strong position to grow or maintain its offer when outsourced. A move to Trust therefore should be primarily one of organisational development driven by continuous improvement of services for public benefit.

### Options appraisal

There are some common options available which are considered for museum services:

1. No change to governance arrangements
2. A new stand-alone Trust is established to manage the museum service. Staff would transfer to the new Trust and the local authority would enter into a contractual agreement with the new Trust. This would include agreements on funding, management of the collections and operational matters.
3. An arrangement with an existing Trust to manage the museum service. Staff would transfer to the existing Trust which would already have systems in place. The local authority would enter into a contractual agreement with the existing Trust. An option here is an existing Trust establishes a new Trust specifically for the museum service.
4. Transfer of the service to a new or existing cultural Trust with wider culture and leisure services.
5. Contract with a private operator.



## Costs and financial health

At this stage clarity on the full costs related to the running of a museum service within the local authority need to be established. Local authority museum services' budgets rarely highlight the real full costs of running the service. Support for the running of the service comes from other service areas, groups, individuals and service contacts, whose costs may be borne by other departments or other service providers. Some of this support may be listed as 'central services' in museum budgets.

Examples of indirect and 'hidden costs' include:

- Senior Manager support (i.e support from tiers above the Museum Manager/ Head of Service)
- HR and Legal support
- ICT provision
- Marketing and communications
- Procurement
- Insurance
- Training
- Audits
- Asset and facilities management (including utilities, maintenance, surveying, and architectural services).

When undertaking an options appraisal there is a need to consider any present anomalies, for example some councils have reported that during Covid, culture sport and leisure services received recovery funding which presented a false picture of their financial health. In the years since the pandemic some of these services have encountered issues in meeting unrealistic demands of income targets. A robust options appraisal would identify anomalies such as these to ensure the business plan was developed from an accurate current context.

## Buildings

Many local authority museum services are managing buildings which need repair and maintenance. An assessment of the capital needs in a prioritised format, perhaps as a capital asset plan is required as part of this scoping stage. It would also be helpful to commission condition surveys at this early stage which will pre-empt negotiations concerning future landlord/tenant repair and maintenance responsibilities and associated costs.

## Set-up costs

The transfer of the museum service to a Trust would have significant set-up costs, including:

- Legal costs (for the Trust and possibly the local authority) for the preparation of the governing document, the funding agreement, the asset transfer agreement, the collections agreement, and any leases and/or licences. Also advising on the TUPE process and pension issues
- Business planning support including detailed VAT assessments
- Restructuring costs
- Recruitment of a Chief Executive and other staff (if required)
- Recruitment of Trustees and chair of Trustees
- Actuaries' fees
- Development of a new corporate identity and costs of uniforms/signage
- Launch costs
- Trustee training.

If a local authority wishes to pursue a transfer further then these costs, and an agreement as to who pays for them, would need to be addressed in the next phase of a transfer (the detailed planning phase).

Research by the Centre for Public Services (CCPS) suggest that the most common reasons for considering, but rejecting, trust proposals are; the loss of direct democratic control, uncertainty over the continuation of National Non-Domestic Rates (NNDR) and VAT savings, and political opposition to externalisation.<sup>8</sup>

*Note: National Non-Domestic Rates, also known as business rates are a tax levied by central government on entities which are responsible for commercial property. They are the equivalent of Council Tax for non-domestic properties.*

Reviews of this nature are usually undertaken by someone external to the local authority. The recommendations from this phase should lead to an in-principle decision being made by cabinet members.

In 2016 Pembrokeshire County Council considered a developing culture and leisure trust in response to ongoing funding pressures. Following a comprehensive review process, looking at options for different models of operation and the pros and cons of moving out of council operations a decision was made to retain the service in house. The key drivers behind this decision were risks and issues around governance, procurement, finance, and continued Member oversight.

*“We looked at all the options, not just a new locally established trust. We also looked at a co-operative, outsourcing to an existing trust/business and staying in-house, and used a scoring mechanism to review. Following an in-principle decision to create a new charitable entity, more detailed work was undertaken which highlighted that the savings would be much lower than originally anticipated and the procurement route of establishing a new local entity carried risk in terms of the existing market. Also, Pembrokeshire is fiercely independent, and the idea of an external company taking over (the service) was an anathema.” – Mike Cavanagh, Head of Cultural, Leisure and Registration Services, Pembrokeshire County Council*

### Safeguarding collections

*‘In a transfer of museum services to a Trust, it is imperative that the collections are safeguarded in perpetuity.’<sup>9</sup>*

Transferring collections to the ownership of a new Trust carries significant risks. Should the new Trust go into financial difficulty the collections would be considered assets and could potentially be seized to settle liabilities in instances of insolvency. It is recommended that the local authority retains legal title to the collections or in the case where items are loaned the local authority remains a custodian. The local authority then enters into a loan agreement with the newly formed Trust for the duration of the partnership agreement. In this instance the Trust takes responsibility for the management and maintenance of the collections and the local authority sets out its expectations through a ‘Loan Agreement’.

The Loan Agreement would set out expectations in relation to acquisitions, disposals, third party loans, special displays, inventory, security, use by the local authority, insurance and storage.

### Key questions to consider:

- What is the driving force behind the move?
- What will be included within the overall portfolio?
- Is it viable? What ongoing financial support will be needed from the local authority?
- What have others done and what can we learn from them?
- Are there any legal, financial, or other barriers which would prevent a move (including ownership of assets/ collections and restrictive covenants on museum buildings)?

### Developing a business plan

If an in-principle decision is made to proceed then detailed work should begin on developing a business plan. It should set out the aims, ambitions and priorities of the new entity for the next 5-10 years and clearly outline how financial security will be established.

In order to do this, there will need to be a full account of how much it will cost to run the new entity, including capital costs and on-going maintenance, robust income projections and how much the transfer costs will be.

It is at this stage that the core components of a Service Level Agreement (SLA) are specified and negotiated. A good SLA will clearly outline the expectations for both parties. It will:

- Define the scope of the services, which the new entity is responsible for delivering
- Clarify who retains ownership of assets (including collections) and who is responsible for maintenance and upkeep of buildings
- Set standards which the new entity is expected to meet, this may include visitor and income targets and professional standards
- Include a schedule for monitoring and reporting, which enables the new entity to report on the impact of its activity, in ways that go beyond numbers
- Outline a review process and the implications of not delivering the service to standard.

The detailed planning process will check and validate assumptions made in the feasibility stage and establish the detail of the transfer; the business plan and legal documentation.

As noted in ‘An Opportunity for Change: Exploring the Trust Option for Museum Services’ one of the most challenging areas of transfer can be organisational change. Getting this right is critical for the long-term success of the service. The questions which need to be asked are:

- *Is the present organisational structure appropriate to the new organisation and the services it will be providing?*
- *Is the present skill-base appropriate?*
- *What new skills might be needed? What training is needed?*
- *Is the present capacity appropriate? Are more (or less) people needed?*

### The Board

Selecting and appointing the right Board members will be critical to the success of the transfer. It is essential that the local authority puts in place a high profile and professional Trustee recruitment programme to ensure that skilled and experienced Trustees are appointed.

If a decision is made to move to a new operating model the council should consider a trial or transition period. Some trusts set up a shadow board while they prepare to make the move. The local authority still continues to be there in case of emergency during this period.

### Security of tenure

All the evidence suggests that security of tenure over a museum’s buildings and physical assets is critical to the long-term financial sustainability of a new trust. While not a guarantee of success, a trust with a long-term lease, at realistic rents, will stand a much greater chance of survival than one on a short-term lease that is constantly being renewed. Funders will have much more confidence in making long-term investments in a trust if the council has demonstrated an equal long-term commitment to the approach.

Luton Culture Trust was established in 2008. In 2018 Karen Perkins, former Director of Culture and Engagement noted: *“At the outset, Luton Culture had a three-year funding and leasing agreement with Luton Borough Council. This left the trust in a vulnerable position and made it very difficult to fundraise from external sources. It has taken ten years for Luton Culture to be in a secure financial position and the length of leases played a big part in this. Luton Culture now has long leases on most of its buildings. Having security of tenure allows us to be more financially sustainable and innovative.”*<sup>10</sup>

### Resources to support business planning:

AIM Success Guide: [Successful Business Planning](#)

Arts Council England: [Business Planning for Arts and Cultural Organisations](#)

## Transfer

Once a decision to transfer has been made the process itself will require planning and incur costs. A board will need to be formally appointed, training delivered to staff and trustees and documentation confirming the new legal entity will need to be finalised.

For further detail and resources which have been designed to support museums through the process of transfer please refer to [‘An Opportunity for Change: Exploring the Trust Option for Museum Services’](#).

If the process is managed well and communications are effectively maintained throughout, then it is more likely to be a success. The legal work required for transfer is significant and a sufficient budget should be allocated to cover the legal costs. These will vary depending on the scale of the transfer. Estimated costs should be identified at the feasibility stage.

On the date the new organisation is formally established the team involved in the process should mark the occasion. An event can be an opportunity for wider engagement and much needed buy-in to the new entity.

### Case Study: Tullie House Museum<sup>11</sup>

In May 2011 Carlisle City Council (which has since transferred to Cumberland Council) established a new charitable trust (the Tullie House Trust) and transferred out the operation and management of Tullie House Museum. An annual grant is paid by Cumberland Council as core funding to the trust. The funding is agreed via the approval of a three-year business plan submitted by the trust to Cumberland Council on an annual basis.

At inception the annual grant to the trust was circa £1.3m and this grant reduced to £805,682 in 2016/17. The delivery of these savings in consecutive financial years was extremely challenging for the Tullie House Trust. They recognised that further reductions in grant funding would lead to a reduced service if that funding was not replaced via other income streams. The trust appointed an expert to review commercial income options for the trust and joint working / capital investment options from the council that could help the trust replace grant funding with commercial income.

A range of options were identified through the review, including annual membership schemes, reprofiling of existing charges, changes to exhibition approaches, and capital investment and transfer of assets (from the council side) to the trust which would help the trust reconfigure the layout of the museum. This improved the customer journey, increased the floor space available for secondary spend (in the form of café and shop areas) and allowed the trust to explore whole new income streams (such as commercial lettings).

These suggestions were worked up into a development plan called ‘Project Tullie Futureplan’ jointly agreed by the trust board and the council. The plan has progressed significantly with over £12m of capital now going into the museum over the next three years.

The process led to the council and the trust agreeing a further £200,000 reductions to the core funding provided by the council from 2020. This reduction is reflected in the trust’s business plan and the saving is now written into the council’s medium term financial plan.

The council and the trust still continue to work jointly on the implementation of proposals and meet on a regular basis to drive this agenda. Further reductions are planned for 2026/27 and beyond but the trust is growing income to mitigate the loss.

## Post transfer

The work does not stop once the new entity is formed, in fact it has just begun. There will be a need for the new trust to work alongside the local authority as it finds its feet and beyond.

As a newly formed trust there will be limitations on securing new funding while there is no previous track record of delivery. The trust will be reliant on funding from the local authority to ensure its longer-term sustainability.

It is likely that in the early stages there will be council representatives on the board of trustees. It is imperative that these representatives understand their role and how it is has changed. The next section includes guidance for councils as trustees.

Delivering in partnership with the local authority and maintaining positive relations is key to the success of a new trust. The trust will need to deliver against its priorities and maintain good working relations with the local authority to demonstrate how it continues to deliver a service which meets the needs of the local communities. Most trusts continue to operate with the financial and administrative support of the local authority and the ones which are most successful are those which have demonstrated how their services align with a broad range of services. Support can include backing external funding applications and brokering relationships across council services in areas such as learning and skills, health and wellbeing and community cohesion.

As an independent organisation the trust can and should work with the council as an active partner. The Chief Executive of the trust can and should meet with senior council staff and councillors across a range of directorates.

*“As Executive Director I meet monthly with the Council’s CEO/Deputy CEO and senior councillors. I also sit on a number of Derby’s leadership groups. We participate in city-wide programmes addressing the local authority’s strategic priorities around young people and economic development. Since we became a trust we’ve become more civic-minded and useful to our city.”*<sup>12</sup> – Tony Butler, Executive Director of Derby Museums Trust

## Newport Live

Newport Live is a charitable trust which provides sporting, leisure and cultural activities in Newport. The trust, established in 2014 runs seven sports and leisure venues across Newport. It also operates the arts development service, The Riverfront Theatre and Arts Centre and the council’s community sports services. It does not operate a museum service.

Moving to a trust has proven to be a cost-effective vehicle for Newport Live. They have been able to find efficiencies especially across professional services. They have also gained greater agility in their operations. Key to their agility is having a dynamic board of 11 non-executive Directors. The board is made up of people with experience in finance, business. There is a different dynamic on the board that the organisation can accelerate the pace of change being independent.

Steve Ward, Chief Executive of Newport Live points to the importance of a partnership approach between the trust and the local authority as being key to success. *‘it’s not all about KPI’s, we need to look at the quality measurement.’*

<sup>6</sup> [https://mdse.org.uk/wp-content/uploads/PDF/Exploring\\_trust\\_option\\_museum\\_services.pdf](https://mdse.org.uk/wp-content/uploads/PDF/Exploring_trust_option_museum_services.pdf)

<sup>7</sup> Adapted from An opportunity for change: Exploring the trust option for museum services p.9

<sup>8</sup> <https://sportsleisurelegacy.co.uk/wp-content/uploads/2021/02/16-Leisure-Trusts-HG.pdf>

<sup>9</sup> An opportunity for change: Exploring the trust option for museum services p.15

<sup>10</sup> [https://www.local.gov.uk/sites/default/files/documents/12.20\\_Museums\\_Handbook\\_V11\\_WEB.pdf](https://www.local.gov.uk/sites/default/files/documents/12.20_Museums_Handbook_V11_WEB.pdf)

<sup>11</sup> <https://www.local.gov.uk/case-studies/tullie-house-museum-future-sustainability>

<sup>12</sup> [https://www.local.gov.uk/sites/default/files/documents/12.20\\_Museums\\_Handbook\\_V11\\_WEB.pdf](https://www.local.gov.uk/sites/default/files/documents/12.20_Museums_Handbook_V11_WEB.pdf)





# What Works?

Image credit: Unsplash



## What Works?

This guide intends to give you a steer on how best to navigate a potential change in governance model for your museum service. There are key lessons which can be drawn from case studies of successful entities which have been spun out from council control. The common themes which have emerged across these are:

- Clarity of vision
- Robust Service Level Agreements – including a commitment to continued funding over a number of years
- Developing a commercial approach
- Having independence
- Skilled workforce and strong leadership.

This section provides a summary of the common themes. It is highly recommended you directly talk to others who have been through the process to best inform your own transfer. Across the culture, sport and leisure sectors leaders of new entities and those who have been through a transfer are often happy to share their experiences.

### Clarity of vision

Consistently examples of good practice in the transfer of services from local authority control to a new model of operation highlight the importance of knowing why the new entity is being created and have very clear values and boundaries.

#### Case Study: Awen Trust

Awen Cultural Trust is a charitable organisation, established in 2015 which aims to enhance cultural opportunities in Bridgend and the wider region. The trust manages a diverse portfolio, including three theatre venues, library services, a country park, two adult learning disability projects and several community venues. While they don't have responsibility for a museum, they do offer lessons on how to establish a robust trust.

The trust operates with 200 staff members (100 FTE), supported by a trading subsidiary. It places a strong emphasis on its partnership with Bridgend Council. The agreement in place with the council underpins their operations, ensuring service delivery within a £3.5 million contractual agreement.

From 2010 onwards, Bridgend Council started exploring alternatives to in-house cultural service delivery. Local governments were facing unprecedented challenges, prompting discussions about transitioning services to a trust model to ensure their future sustainability. Following a rigorous business case development and transfer process Awen Cultural Trust was established in October 2015.

While some services, such as adult community learning and the music service, remained under council control, theatres and other cultural assets formed the critical mass needed for Awen's viability. The key steps involved in establishing the trust were:

1. Developing a business case to evaluate feasibility.
2. Establishing contractual agreements for service delivery.
3. Recruiting a strong team to execute the vision and exceed expectations.

Transitioning to a trust model required clear communication and consultation with staff and communities. While this was a significant change, the recruitment of a skilled team was pivotal in driving success. Staff were TUPED over into the new trust, there were no issues and the trust worked with the trade union and continues to encourage people to work with trade

unions. Workforce wellbeing is a priority for the organisation.

The trust was clear in its remit and ambitions, it clearly set out what would be within and out of scope (sports were not included). Managing expectations from council members was essential to maintain focus and avoid "mission drift" into areas beyond Awen's scope.

Early establishment of partnerships across health, social care, and inclusion within the council proved instrumental in aligning the trust's goals with broader community needs.

*"When trusts succeed it comes down to how they were set up and how it's led. If the local authority tries to hold power, authority and control it will hinder the success of the trust."* – Richard Hughes, Chief Executive, Awen Trust

When the trust was initially established, the Memorandum and Articles of Association included two members of the council on the board. The trust has since shifted to a full skills-based board and there is no longer elected member representation. The Leader of the Council and Deputy Leader do attend an advisory board along with the Chief Executive of the health board. This is an interface between the trust and council services. Initially the trust delivered £625K worth of savings for the council then that dropped to £150K.

Since the establishment of Awen the trust has secured investment from the Arts Council Wales during its 2024 review, hosted high-profile events, such as the £6 million National Eisteddfod and maintained a deliberately broad portfolio to foster innovation while safeguarding against overextension.

When asked for advice for others who may be making a transition Richard Hughes, Chief executive of Awen said:

*"This is not the land of milk and honey. Go and see things, there is much to learn from others. There is a need to understand the challenges and reality - go and see people before making a judgement"*

He also advised *"Don't over egg your business case. There have been so many trusts and transfers where the business case is flexed to meet the ambition. You have to challenge the numbers. Ultimately a charity is a type of business - you have to make more than you spend."*

### **Robust Service Level Agreement**

A robust SLA which is born out of a thorough options appraisal and business plan with clear financial forecasting is vital for the success of the new entity. It should set out clearly the responsibilities of both parties, the funding allocation, expectations and review points.

The SLA should go beyond 'bean counting' reporting and be based on the new entity working with the council to show how it is making a difference in areas related to their priorities (health, social care, education, community cohesion).

### **Independence**

To truly gain the benefits of an independent entity it needs to be set up correctly at the outset. It needs to have the right level of independence and funding agreement in place. If this doesn't happen the local authority may have to regain control of the service in the future.

The more independent the new organisation is from the local authority the greater the opportunity it has to be entrepreneurial. If it continues to be restricted by council bureaucracy and limitations it will hinder its ability to succeed. However, at the same time the partnership arrangement with the council is vital to the new organisation. Without financial support from the council both directly and as a guarantor to support funding bids, especially as the new entity builds its reputation with funders, it is at great risk of failure. The role of the council will change considerably within a new trust.

Councillors and Officers roles will be very different as a trustee on the new board. The council should not have a majority representation on the board. There should be a diverse mix of individuals, skills and experience.

People who serve on the governing body of a charity are charity trustees. Trustees have and must accept ultimate responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and delivering the charitable outcomes for the public benefit for which it has been set up.

Trustees have a duty to act solely in the interests of the charity and its beneficiaries. The Charity Commission's [The essential trustee: what you need to know, what you need to do \(CC3\) - GOV.UK](#) is essential reading for any new trustees. As is the Charity Governance Code [Download the Code – Charity Governance Code](#) which notes all trustees should be:

- Committed to their charity's cause and have joined its board because they want to help the charity deliver its purposes most effectively for public benefit
- Recognise that meeting their charity's stated public benefit is an ongoing requirement
- Understand their roles and legal responsibilities, and, in particular, have read and understand:
  - The Charity Commission's guidance The Essential Trustee (CC3)
  - Their charity's governing document
- Are committed to good governance and want to contribute to their charity's continued improvement.

A corporate body such as a local authority can also be a charity trustee. Local authorities are empowered by Section 139 of the Local Government Act 1972 to receive and hold gifts on charitable trusts. This may include money or assets left by donors, or charitable trusts created by ancient royal charters or Acts of Parliament.

While there are many shared principles (transparency, accountability) which apply equally to local authorities and charitable trusts, there are also differences. It is imperative that these differences are understood if local authority trustees are to perform this role effectively and with the minimum of risk.

The AIM Success Guide; [Successful Governance for Museums 2020](#) provides helpful guidance for new museum trustees.

### **Case Study: The Judge's Lodging**

The Judge's Lodging Museum, located in Presteigne, is a historic house and museum with two distinct collections: the Presteigne Community Collection, owned by the town, and the historic Shirehall and Judges' Lodgings building itself. For nearly two decades, the museum was managed by the local authority and supported also by funding for a tourist information centre, which they ran.

In 2015, funding cuts from the council left the museum facing significant financial and operational challenges, including the cutting of direct funding of the curator post. This led to the trust needing a major transformation to ensure its survival.

*"The board wasn't ready to respond. We needed to move toward being a commercial organisation, we were in real trouble."* – Gabrielle Rivers, Museum Development Manager

At the time, the board consisted of 12 trustees and it was identified that there was a lack of commercial expertise on the board. Initial efforts to address these issues were unsuccessful due to resistance. However, an additional intervention through a governance review led to most trustees resigning and a recruitment process for new trustees commenced.

Under the new governance model, the board was restructured from twelve members who had mainly been appointed based on their positions to up to seven members chosen for their specific skills. The restructuring of the board and recruiting members with relevant skills was crucial for driving change.

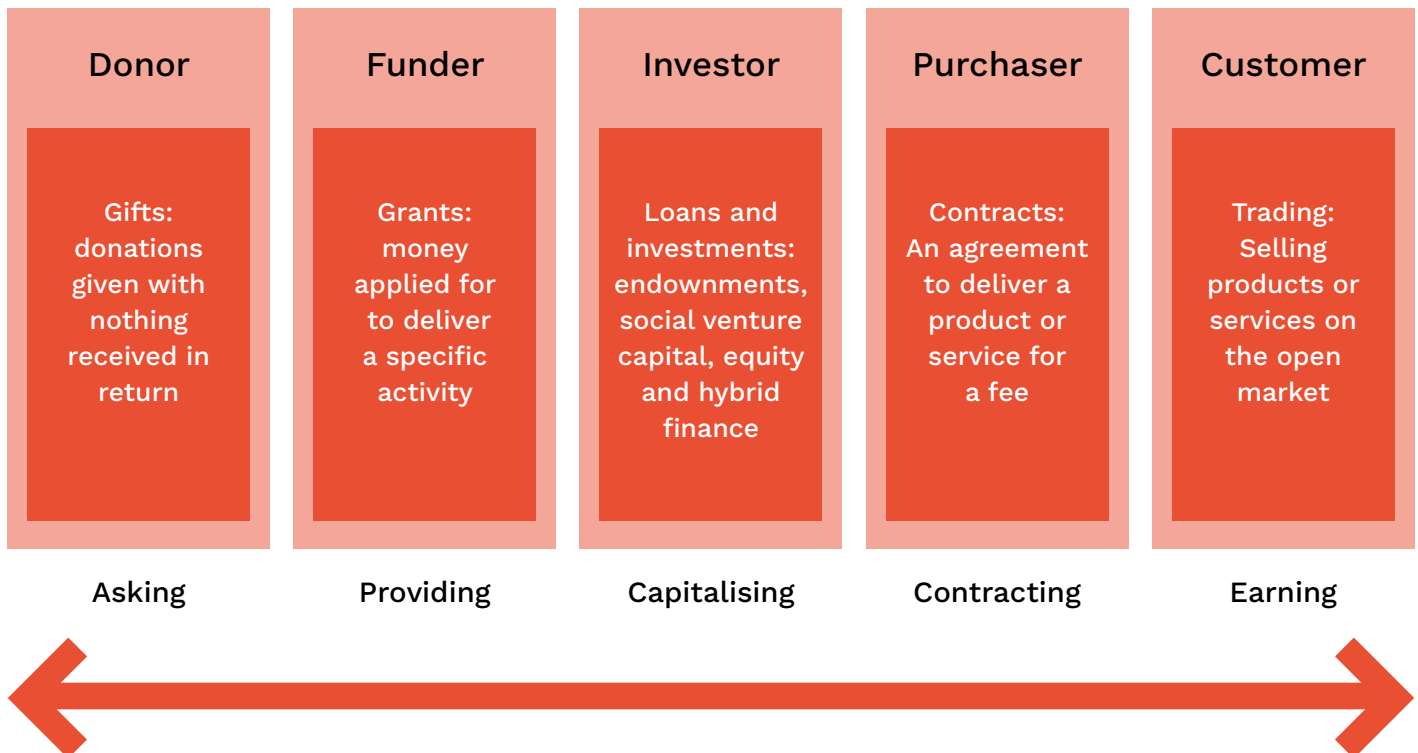
*" Now, we properly interview and bring in people with the right skills. The smaller board is much more effective."* – Gabrielle Rivers , Museum Development Manager

While the museum continues to face financial challenges, the changes which have been implemented with the board have put it on a path toward sustainability. There are plans underway to develop holiday let spaces which will be the source of much needed additional revenue for the museum.

### Commercial approach

A transfer to a different model of operation will inevitably lead to the museum service having to operate in a more entrepreneurial way. Its ability to navigate a range of approaches across the income spectrum will serve the service well.

### The income spectrum



Adapted from: The income spectrum (NCVO, 2016)



### Workforce skills and strong leadership

Another consideration in moving to trust is the balance of workforce skills. New appointments may be needed to fill any gaps left by the local authority, this is particularly true in the case of having staff with key financial skills and awareness.

There may be employees who TUPE over to a new trust who need support through training in establishing their role in a new context. For further information on TUPE and workers' rights [see here](#).

Note: When a business changes owner, its employees may be protected under the Transfer of Undertakings (Protection of Employment) regulations (TUPE).

### Summary

Changing governance model may in the long-term be of benefit to the sustainability of the museum service. This is only the case if the process has been considered carefully and all opportunities and pitfalls are identified early on in the process.

If these things are in place the new entity has a very good chance of success.

What tends not to work are instances where:

- No options appraisal or review work has informed the decision to change operating model
- Sufficient time is not given to carrying out a robust options appraisal
- Advice, guidance and lessons learned from elsewhere has not been sought from decision makers
- Decisions are being made on a purely financial basis and are driven by an assumption that significant savings will be made quickly.
- The SLA is weak and does not ensure long-term financial viability
- There is no underpinning vision, mission and clear priorities for the new trust
- No consideration is made in relation to the skills required in the new organisation and no training is provided for staff or trustees
- The proposed on-going relationship is transactional (reporting on numbers) rather than on impact.



# Lessons Learned

Image credit: Unsplash



## Lessons Learned

The key lessons learned from others who have been through the process of moving services from council to independent operating model are:

1. **The need to allocate adequate resources, time and skills** to consider and plan the move internally. A steering group can provide valuable oversight to the process and external advisors are critical for an independent analysis of the options. There are significant costs associated with the investigation of transfer and this should be factored into any project.
2. **Sufficient asset transfer and freedom to use assets differently** is vital so that the new entity will have a fighting chance of making the services sustainable.
3. The need for **ongoing funded revenue** via SLA for minimum of **five years** with the local authority to allow for successful transition. The SLA also needs to be clear in its expectations for both the local authority and the new entity.
4. The need for **good legal and financial advice** to support the transition.
5. **Staff and trustee training** is an essential preparation, particularly for staff who will be moving from working within a council environment to one that is commercial.
6. **Recruitment of a sufficiently skilled and committed Chief Executive and board of trustees** can ensure success.
7. **Ongoing inclusion of the museum** in wider development strategies, especially where visitor numbers depend on economic development initiatives via tourism, visitor economy (e.g. festivals) etc. The museum needs to be included within these wider initiatives and activities.
8. **Relevance and focus of museum's ongoing strategy.** The museum needs to ensure its positioning and communications so that it is seen as important to local populations and visitors.

A review of a trust which ultimately ended up going back into council control highlighted the following viability concerns about the newly formed trust:

- There was no approved vision and strategy for leisure and cultural services
- Both the council and the trust recognised that elements of the contract were restricting the trust from achieving its commercial potential
- The council had concerns about the governance and financial management of the trust
- The council did not use its governance arrangements effectively to provide appropriate oversight of the trust.

These concerns act as lessons to anyone going through the process of establishing a new trust.



# Conclusion

Image credit: Unsplash



# Conclusion

As local authority museums in Wales continue to navigate financial challenges it is clear that no single solution will be fit for all. This guide has explored the success factors, lessons learned, and key considerations involved in transitioning to alternative operational models.

The success of any transition relies on robust planning, clear vision, and strategic communication and good leadership. For a museum service to flourish within or as a new entity it is vital that the unique value of the service and how it operates is understood.

While the move to new governance models offers opportunities for increased entrepreneurialism and independence, it is not without risks. A balanced approach, where councils and new entities collaborate effectively, is essential to foster sustainable operations.

Decision-makers must recognise the cultural, educational, and community benefits that museums provide, and ensure their future viability by embedding them in well-informed and supportive frameworks.

Ultimately, whether a museum remains under local authority control or transitions to a new model, its sustainability will depend on its ability to adapt to financial realities, maintain strong advocacy, and develop partnerships that align with its mission and the needs of its communities. Through careful planning and a commitment to shared goals, local authority museums in Wales can continue to thrive as vital cultural institutions.

## Acknowledgements

Thank you to everyone who contributed and supported the development of this guide. The following people were interviewed:

- Mike Cavanagh, Head of Culture, Leisure Tourism and Registration Services, Pembrokeshire County Council
- Emma Chaplin, Museum and Heritage Consultant
- Sharon Davies, Head of Education, Welsh Local Gov Association
- Carly Davies, County Museum Curator, Denbighshire County Council
- Rachel Evans, Museum Development and Accreditation Support Officer, Conwy County Borough Council
- Sophie Fish, Principal Museums Officer, Flintshire County Council
- Richard Hughes, Chief Executive, Awen Trust
- Rob Lewis, Museum Manager and Sarah Parsons, Curator, Torfaen Museum Trust
- Darren Macey, Operational Manager and Caroline O'Neill, Head of Arts, Culture and Library, at Rhondda Cynon Taf County Borough Council
- Tracey McNulty, Head of Cultural Services, Swansea
- Karen Murdoch, Interim Museum Manager, Wrexham County Borough Council
- Kelly Powell, Museum Manager, Merthyr Tydfil County Borough Council
- Gaby Rivers, The Judge's Lodging
- Victoria Rogers, Head of Museums and Collections, Welsh Government
- Rachael Rogers, Museum Manager, MonLife, Monmouthshire County Council
- Steve Ward, Chief Executive, Newport Live!

*Special thanks to Margaret Harrison, Victoria Rogers and Sara Maggs for their contributions and editing support.*





## Resources

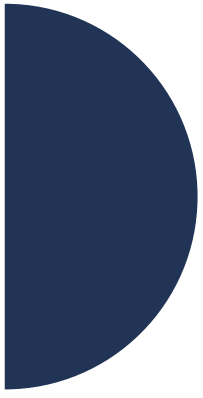
In addition to the sources acknowledged throughout the text, the following documents relate to this guidance:

AIM: [The practicalities of turnaround and closure](#)

Welsh Government, [Community Asset Transfer guide](#)

GOV.UK: [How to transfer charity assets to another charity](#)  
and [Libraries: alternative delivery models toolkit](#)

Arts Council England, [Business models in the visual arts.](#)



# About the Author

Mairead O'Rourke is a consultant, facilitator, and coach with over 20 years' experience in the museums and heritage sectors. She helps organisations think clearly and act decisively – shaping strategy, leading options appraisals, reviewing organisational structures and producing research and guidance for the sector.

Mairead has a strong track record of supporting governance work. She has led board reviews, facilitated development programmes and advised on charitable structures for clients across the UK. Her publications include 'Making the Most of Your Museums: A Guide for Councillors' and 'Harnessing Culture and Sport to Deliver Social Prescribing'. She is currently a trustee of the Museums Association's Support Fund and was previously a trustee of Chiltern Open Air Museum and The Charles Dickens Museum.

[www.culturerunner.com/about](http://www.culturerunner.com/about)