



**Committee:** CABINET

**Date:** TUESDAY, 13 FEBRUARY 2018

**Venue:** LANCASTER TOWN HALL

**Time:** 6.00 P.M.

## A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday, 16<sup>th</sup> January 2018 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. **Declarations of Interest**

To receive declarations by Members of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Members should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Members are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

5. **Public Speaking**

To consider any such requests received in accordance with the approved procedure.

Reports

6. **Report from Overview & Scrutiny Committee (Pages 1 - 26)**

To consider the referral report from the Overview & Scrutiny Committee with regard to the Voluntary, Community and Faith Sector Commissioning task group, which was deferred

from the Cabinet meeting on 16<sup>th</sup> January 2018.

7. **Beyond the Castle Archaeological Site** (Pages 27 - 68)  
**(Cabinet Member with Special Responsibility Councillor Clifford)**  
Report of the Chief Officer (Regeneration & Planning)
8. **Reshaping the Council's Museums Service** (Pages 69 - 221)  
**(Cabinet Member with Special Responsibility Councillor Clifford)**  
Report of Chief Officer (Regeneration & Planning)
9. **Fees and Charges Review - 2018/19** (Pages 222 - 254)  
**(Cabinet Members with Special Responsibility Councillors Whitehead & Leyshon)**  
Joint Report of Chief Officer (Resources) and Chief Officer (Environmental Services)
10. **Budget and Policy Framework Update 2018 to 2022 - General Fund Revenue Budget and Capital Programme** (Pages 255 - 258)  
**(Cabinet Member with Special Responsibility Councillor Whitehead)**  
Report of Chief Officer (Resources) (Supplementary Report to follow)
11. **Treasury Management Strategy 2018/19**  
**(Cabinet Member with Special Responsibility Councillor Whitehead)**  
Report of Chief Officer (Resources) (Report to follow)
12. **Corporate Financial Monitoring 2017/18 - Quarter 3** (Pages 259 - 276)  
**(Cabinet Member with Special Responsibility Councillor Whitehead)**  
Report of Chief Officer (Resources)

## **ADMINISTRATIVE ARRANGEMENTS**

### **(i) Membership**

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Darren Clifford, Brendan Hughes, James Leyshon, Margaret Pattison, Andrew Warriner and Anne Whitehead

### **(ii) Queries regarding this Agenda**

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email [ebateson@lancaster.gov.uk](mailto:ebateson@lancaster.gov.uk).

**(iii) Apologies**

Please contact Democratic Support, telephone 582170, or alternatively email [democraticsupport@lancaster.gov.uk](mailto:democraticsupport@lancaster.gov.uk).

SUSAN PARSONAGE,  
CHIEF EXECUTIVE,  
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Published on Thursday, 1<sup>st</sup> February, 2018.

<b>CABINET</b>
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## Voluntary, Community and Faith Sector Commissioning Funding Recommendation

**16<sup>th</sup> January 2018**

### Report of Overview and Scrutiny

PURPOSE OF REPORT			
To request Cabinet to consider the recommendation of the Overview and Scrutiny Committee regarding Voluntary, Community and Faith Sector Commissioning funding.			
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>Referral from Overview &amp; Scrutiny</b>
			X
<b>Date of notice of forthcoming key decision.</b>			N/A.
<b>This report is public.</b>			

#### RECOMMENDATIONS OF THE OVERVIEW AND SCRUTINY COMMITTEE

- (1) That Cabinet be recommended to retain the current status quo regarding voluntary community and faith sector commissioning grant funding for 2018/19.**

**1. Introduction**

- 1.1 To consider the recommendation of the Overview and Scrutiny Committee regarding Voluntary, Community and Faith Sector Commissioning funding for 2018/19.

**2. Proposal Details**

- 2.1 The Overview and Scrutiny Committee considered a report of the Voluntary, Community and Faith Sector Commissioning Informal Task Group at its meeting held on 10<sup>th</sup> January 2018.
- 2.2 Prior to consideration of the Informal Task Group report the Committee received presentations from all of the voluntary organisations who currently receive funding from the City Council.
- 2.3 Councillor Thynne then presented the findings and recommendations of the Informal Task Group.
- 2.4 The Overview and Scrutiny Committee expressed concern over the work the Task Group had undertaken and its findings as they did not concur with the Terms of Reference of the Task Group that had been agreed by the Committee. It was felt that the Task Group had not gathered evidence from stakeholders or service providers to make recommendations to review the commissioning framework.

- 2.5 The Committee discussed how to move forward with this piece of work. In terms of timescales, it was noted that additional time would be required to consider more evidence based options for the future.
- 2.6 The Committee recommended: -
- (1) That the representatives from the agencies be thanked for their attendance at the meeting and their informative presentations.
  - (2) That Cabinet be recommended to retain the current status quo regarding voluntary community and faith sector commissioning grant funding for 2018/19.**
  - (3) That the Overview and Scrutiny Committee look at the voluntary community and faith sector commissioning framework and other issues raised and report back to Cabinet within the next financial year.
  - (4) That Members of the Budget and Performance Panel be invited to Overview and Scrutiny Committee meetings when the voluntary community and faith sector commissioning framework is being considered.
- 2.7 Cabinet is requested **to consider recommendation (2) only** as set out within this report.

### **3. Options and Options Analysis (including risk assessment)**

3.1 The options available to Cabinet are:-

- 1 To accept the recommendations of Overview and Scrutiny.
- 2 Not to accept the recommendations of Overview and Scrutiny.
- 3 To make alternative proposals to those recommended by Overview and Scrutiny.

### **4 Overview and Scrutiny Preferred Option (and comments)**

4.1 That recommendation (2), as set out above, be accepted.

### **5. Conclusion**

5.1 Cabinet is asked to consider recommendation (2) of the Overview and Scrutiny Committee.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

The recommendations, as set out in this report, assist the City Council in meeting the Corporate Plan priorities for Community Leadership and Health and Wellbeing.

VCFS organisations currently provide a range of advice and information, infrastructure support and volunteer coordination services to vulnerable people in line with corporate priorities in the 2016 – 2020 Corporate Plan.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

There are no implications as a result of this report.

**LEGAL IMPLICATIONS**

There are no legal implications arising from this report. Any contracts that are being carried over will need to be reviewed by officers with input from Legal Services.

**FINANCIAL IMPLICATIONS**

It is not expected that there will be any immediate additional financial implications arising should the current 'status quo' continue for a further 12 months, noting that the total unallocated Voluntary, Community and Faith Sector (VCFS) grant funding for 2018/19 is £264.2K including 2.6% inflation. This assumes that administrative tasks such as issuing SLA's and making of grant payments to existing VCFS partners and associated monitoring / reporting of performance can be absorbed within existing staff resources, however.

Any future support will need to be considered as part of the planned/ongoing VCFS Commissioning of Service, including the Ridge Community and Marsh Community Centres falling under the Housing Revenue Account, for which there is a budget of £29K for the Ridge Community Centre in 2018/19 and a growth request for continued funding in 2018/19 totalling £14.4K for the Marsh Community Centre - see report elsewhere on the agenda.

In terms of undertaking such a review or future VCFS commissioning, it is reiterated that there is currently no existing resource identified to do this work. Furthermore, the Council does not have the required skill set or knowledge in place in order to perform the required detailed assessments.

As an alternative, the Community Foundation for Lancashire & Merseyside (CfLM) is a charitable organisation with the necessary knowledge and resources needed to fulfil these obligations on the Council's behalf. They have experience in operating in a changing economic climate and work proactively to be fit for purpose and relevant within the local community. They have strong links with businesses, philanthropists and other charitable organisations and are able to assess and keep up-to-date with the complex and rapidly changing issues with the sector, as well as being able to identify other sources of funding and expertise in areas such as volunteering.

CfLM already administers the 'Small Grants' fund on the Council's behalf and have advised that for a fee of 5% of the total VCFS budget, they can administer the 'status quo', i.e. to process payments and manage the monitoring and reporting of the performance of VCFS partners. In addition, for a fee of 12% of the VCFS budget, they can provide a full review of current arrangements; reassess the district's needs and determine value for money investments in line with corporate priorities and make recommendations for the way forward, in line with the Council's statutory obligations to secure best value.

The following table shows the impact of the in-house option for 'status quo' and a full review to move towards a commissioning approach compared with the CfLM proposal on the current VCFS 2018/19 draft budget and assumes that any additional in-house resource / CfLM fees would be top sliced from within existing VCFS grant funding as opposed to budget re-direction / (growth), noting that in comparison, it is likely to cost up to an additional £34.9K (top of Grade 4) to undertake the equivalent CfLM 'Full Review' option in-house.

<b>Top Sliced</b>	<b>Draft 2018/19 Budget</b>	<b>Cost</b>	<b>Amount Available for Distribution</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Status Quo</b>			
Option 1 – LCC Status Quo	264,200	0	264,200
Option 2 – CfLM 5%	264,200	13,200	251,000
<b>Full Review – Commissioning</b>			
Option 1 – LCC In-House	264,200	34,900	229,300
Option 2 – CfLM 12%	264,200	31,700	232,500

Should options be considered that do not reduce VCFS funding, either to undertake a full review in-house or for the fees proposed by CfLM, then the costs shown above will be in addition to the current budget provision and will need to be treated as a growth item during the annual budget process.

It is re-iterated again, that undertaking a full and proper review in-house is dependent on having the appropriate skill set / background knowledge in place and being able to adapt quickly to changing complex issues as and when they arise, and so it is unlikely at this stage that any future commissioning benefits could be implemented in-house by 1<sup>st</sup> April 2019, without additional specialist advice being procured at a further cost to the Council.

#### **OTHER RESOURCE IMPLICATIONS**

##### **Human Resources:**

None arising from this report.

##### **Information Services:**

None arising from this report.

##### **Property:**

None arising from this report.

##### **Open Spaces:**

None arising from this report.

#### **SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments, other than to reiterate the Council's general obligations to secure continuous improvement in the way that it delivers its functions, having regard to value for money.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

#### **BACKGROUND PAPERS**

None.

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Scrutiny Review Scoping Template

<b>Review Topic</b> (name of Review)	Voluntary Community and Faith Sector Commissioning
<b>Councillor Involvement</b> (names of Cllrs involved)	Cllrs Jon Barry, Phillippa Williamson, Dave Brookes
<b>Officer Support</b> (names of Officers required)	Mark Davies, Bob Bailey, Jenny Kay
<b>Rationale</b> (key issues and/or reason for doing the Review)	The Council commissions VCFS organisations to provide services to vulnerable people in the district. Funding has been extended until 31/03/2018, this review will feed into the budget process for 2018/19 and will provide options for any future commissioning
<b>Purpose of Review/Objective</b> (specify exactly what the Review should achieve)	<p>The review will seek to determine whether the existing commissioning framework remains fit-for-purpose or requires change to meet current needs for services provided by VCFS organisations.</p> <p>An assessment of need and consideration of funding and commissioning opportunities will help to inform decisions on future arrangements. This will involve engagement with VCFS organisations and service users across the district and consideration of opportunities for joint commissioning with other funders</p> <p>Review of current commissioning arrangements. Assessment of need. Recommendations for the future. Consideration of other significant funders within the district. Review of Volunteering co-ordination.</p>
<b>Indicators of Success</b> (what factors would indicate that a Review has been successful)	Clear options for future commissioning of services including, but not limited to, the ending of funding to VCFS organisations and a clear, robust and joined up approach to commissioning incorporating streamlined and measurable outcomes.
<b>Methodology/Approach</b> (what types of enquiry will be used to gather evidence and why)	<p>Evidence will be established through a series of meetings with stakeholders, including:</p> <ul style="list-style-type: none"> <li>• Providers/deliverers</li> <li>• Service Users</li> <li>• Funders, and;</li> <li>• A final meeting to agree options and recommendations for consideration by Overview and Scrutiny Committee</li> </ul>
<b>Specify Witnesses/Experts</b> (who to see and when)	A timetable for the review, including a schedule for liaison with stakeholders, as set out above, will be developed
<b>Specify Evidence Sources for Documents</b> (which to look at)	Current Commissioning Framework and Development Plan; Current commissioning contracts and specified outcomes; annual performance reports of existing providers; relevant Lancashire County Council's indicators.



<b><u>Specify Site Visits</u></b> (where and when)		None specifically identified at this stage. Meetings with stakeholders will be arranged in suitable and convenient locations.	
<b><u>Specify Evidence Sources for Views of Stakeholders</u></b> (consultation/workshops/focus groups/public meetings)		Views of stakeholders will be determined as part of the range of meetings set out above	
<b><u>Publicity Requirements</u></b> (what is needed – press release, fliers, leaflets, radio broadcasts, etc.)		Press releases; open invitation to service users and providers to give evidence	
<b><u>Resource Requirements</u></b> (people, expenditure)		Officer time and resources	
<b><u>Barriers/dangers/risks/etc</u></b> (identify any weaknesses and potential pitfalls)		Resources, time and capacity needed to undertake the review effectively. Complexity of current needs and the capacity of providers to deliver services that add value and achieve the maximum impact within available resources	
<b>Projected start date</b>		<b>Draft Report Deadline</b>	
<b>Meeting Frequency</b>		<b>Projected completion date</b>	

**Formally Constituted**

**Informal Task Group**

**Name of Task Group**

Voluntary, Community and Faith Sector Commissioning Informal Task Group

**Terms of Reference**

To identify whether the Commissioning Framework is still relevant and to identify any changes required.

To ascertain what VCFS organisations feel is required.

To identify what service users think is required.

To consider joint commissioning between the City Council, County Council, NHS, CCG and other partners.

To make recommendations to the Overview and Scrutiny Committee on a revised Commissioning Framework.

**Minute Extract**

**Overview and Scrutiny Committee – 10<sup>th</sup> January 2018**

**Voluntary, Community and Faith Sector Commissioning Informal Task Group  
Final Report**

The Chairman welcomed Yak Patel, CVS, Helen Greatorex, North Lancashire Citizen's Advice Bureau, Alison Read, Age UK, Sue Spencer, Samaritans, Karen Morris and Joan Ford, Community Foundation for Lancashire and Merseyside to the meeting.

Members were given an overview of the work of the agencies present at the meeting who currently received funding from the City Council.

The Chairman then welcomed Councillor Oscar Thynne, Chairman of the Voluntary, Community and Faith Sector Voluntary Commissioning Informal Task Group, Chief Officer (Health and Housing) and the Organisational Development Manager to the meeting.

An updated financial implications table for the report and a copy of the Informal Task Group's scoping document were circulated at the meeting.

Councillor Thynne presented the findings and recommendations of the Informal Task Group.

Concern was expressed over the work the Task Group had undertaken and its findings as they did not concur with the Terms of Reference of the Task Group that had been agreed by the Overview and Scrutiny Committee. It was felt the Task Group had not gathered evidence from stakeholders or service providers to make recommendations to review the commissioning framework.

Members discussed how to move forward with this piece of work. In terms of timescales, it was noted that additional time would be required to consider more evidence based options for the future.

It was proposed by the Chairman, seconded by Councillor Caroline Jackson and unanimously agreed: -

***Resolved: -***

- (1) That the representatives from the agencies be thanked for their attendance at the meeting and their informative presentations.
- (2) That Cabinet be recommended to retain the current status quo regarding voluntary community and faith sector commissioning grant funding for 2018/19.
- (3) That the Overview and Scrutiny Committee look at the voluntary community and faith sector commissioning framework and other issues raised and report back to Cabinet within the next financial year.
- (4) That Members of the Budget and Performance Panel be invited to Overview and Scrutiny Committee meetings when the voluntary community and faith sector commissioning framework is being considered.



**Report of**

**THE VOLUNTARY, COMMUNITY AND  
FAITH SECTOR COMMISSIONING  
INFORMAL TASK GROUP**

**Lancaster City Council**  
December 2017



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## **Chairman's Foreword**

Our District has a diverse range of inclusive charities and volunteer groups who work tirelessly to support the communities they are involved with. An insightful recent joint report by the Charities Aid Foundation, Institute of Fundraising and CharityComms, found charities spend £136.4 million every day, improving the lives of residents in their communities. If we break this expenditure down, we find it is equivalent to £1,578 every second, a huge contribution to communities across the country.

In the Lancaster District, the positive impact of charities and volunteer groups could not be clearer. One charity the Task Group examined, which is also a charity this Council currently financially supports, was Citizens Advice North Lancashire. In the charity's 2016-2017 annual review, they explained in those twelve months they gave advice to 6,277 residents, helping resolve 18,457 unique issues. Some of these problems included Universal Credit difficulties, unfair dismissal cases, housing problems, and even family break-down. The charity further reported that after receiving advice, 4 out of 5 clients stated they felt the advice improved their lives, with 78% of clients explaining they would have been unable to resolve their issues without this support.

This task group was established with the aim of exploring Lancaster City Council's support for the voluntary, community and faith sectors, and identifying where efficiencies could be made to maximise the impact of the Council's support. Through the course of our meetings, with cross-party input, we heard directly from both organisations we fund and funding organisations. It became apparent that as a Council we are struggling to provide the level of support needed due to lack of resources and officer time. This report is the culmination of a process of enquiries and helps to identify where we can go next to continue providing vital support for the important local voluntary, community and faith sectors.

I want to take this opportunity to thank the Officers and Councillors who worked on this task group, along with all the local charities that contributed, including Citizens Advice North Lancashire, Lancaster District Community and Voluntary Solutions, Age UK Lancashire, Samaritans, and Victim Support. I would also like to thank Lancashire Volunteer Partnership and Community Foundation of Lancashire and Merseyside for their insightful contributions.

**Councillor Oscar Thynne  
on behalf of the Task Group**



## Summary of Recommendations

### Recommendation 1

That the Marsh Community Centre and the Ridge Community Centre be included on the list of Voluntary, Community and Faith Sector (VCFS).

### Recommendation 2

That Option 2, in addition to the fund management outlined in Option 1, submitted by the Community Foundation for Lancashire and Merseyside (CfLM), as set out below, to include an assessment of youth funding opportunities, be recommended to the Overview and Scrutiny Committee.

#### Option 1 - from 1 April 2018

##### **Process payments to VCFS' partners:**

All grant payments are managed by our finance team and tracked through our database as each grant awarded has its own record. Grant payments are sent to successful applicants via Bacs or a cheque if required. Grant payments can be split into 2 payments if required based on successful completion of interim monitoring

##### **Monitoring projects:**

All grants we manage are monitored both in terms of checks on spend and a review of their social impact. Depending upon the size and nature of the grant and the donor's wishes this can be provided at end of project, at mid-point or on a quarterly basis. We can carry out on site visits to each group to check on the performance of the group and to build up a relationship with the partners and to find out more about what the needs and the issues are in the area.

We currently use an online end of grant monitoring form and we can design a specific monitoring form for each group asking them to report against the outcomes which were originally identified. Receipts and evidence of expenditure along with case studies and photographs can all be uploaded online.

We collect data on the use of the grant, the difference it has made to the lives of beneficiaries and ask for case studies to be provided. We collect beneficiary statistics based upon demographics such as ages, ethnicity, project location and social issues being tackled. All information is then collated for reporting for the donor.

We will check that the overall activity and outcomes are in line with what was agreed in the original contract.

##### **Respond to queries:**

Your designated fund manager will be on hand to respond to any queries the organisations may have on their funding, whether this is related to a change in use or specific outcomes. We are committed to ensuring that the group achieves the best possible outcomes and that any changes or risks are adequately managed.



**Reporting:**

We will produce a report twice a year detailing the achievements and outcomes of each organisation, with specific case studies where appropriate. We will detail the achievements, concerns and progress of each commissioned organisation.

**Option 2:**

In addition to the fund management outlined in Option 1 we would also be happy to provide a review of current arrangements and make recommendations for the way forward from March 2019.

In order to justify further funding for the VCFS sector going forward from 2019 it is necessary to reassess need to ensure that outcomes and measures remain relevant, provide value for money in the investments made and are in line with the Council's priorities.

CfLM will compile a report suggesting the way forward with regards to commissioning VCFS partners in the future. In order to do this, we need an understanding of the needs of the local community, what is already out there and what are the opportunities. We will do this by undertaking research to establish:

- What are the issues?
- Where are the needs/gaps?
- What needs addressing?

How will we find out?

- Use information gained from existing VCFS partners (based on monitoring and evaluation of previous awards).
- What has changed since last commissioning framework, which may impact on both the VCFS sector and its beneficiaries i.e. government reforms.
- Discuss with other partners, service providers and agencies.
- Survey local community to find out what they think the issues and concerns are.
- Consult local statistics/reports.
- Existing providers – what is already out there.

We know what the issues are. How do we find the organisations that can help solve these issues?

- Mapping exercise to find out who already works on the identified issues
- Research other groups that may be able to expand their services
- Tender exercise – target specific groups
- Undertake a commissioning exercise to have arrangements in place for the 2019/2020 financial year

**From 2019/20:**

The Community Foundation would be able to support Lancaster City Council by providing ongoing budget, payment and monitoring, including social impact on an annual basis at a fee to be determined in 2018/19.



**Recommendation 3**

That options be considered for budgetary provision, including options that do not reduce VFCS funding, for the fees proposed by CfLM as set out within the report.

**1. Introduction**

The Overview and Scrutiny Committee first discussed the creation of an Informal Task Group to consider Voluntary and Faith Sector Commissioning on the 21<sup>st</sup> September 2016. A scoping document setting the scope, purpose of the Task Group and Terms of Reference for the Group was then agreed at the December 2016 meeting of the Committee. Details are provided below.

**2. Role of the Task Group**

The Task Group was set up as an opportunity to investigate the City Council's commissioning of Voluntary, Community and Faith Sector (VCFS) organisations.

**2.1 Terms of Reference**

The following Terms of Reference for the Task Group were agreed by the Overview and Scrutiny Committee:

1. To identify whether the Commissioning Framework is still relevant and to identify any changes required.
2. To ascertain what VCFS organisations feel is required.
3. To identify what service users think is required.
4. To consider joint commissioning between the City Council, County Council, NHS, CCG and other partners.
5. To make recommendations to the Overview and Scrutiny Committee on a revised Commissioning Framework.

**2.2 Membership of the Group**

The Task Group comprised of Councillors Oscar Thynne (Chairman), Jon Barry, Ian Clift and Robert Redfern.

The Task Group was supported by Suzanne Lodge – Chief Officer (Health and Housing), Mark Davies – Chief Officer (Environment), Andrew Clarke – Financial Services Manager, Robert Bailey – Organisational Development Manager, Paul Thompson – Accountancy Manager, Chris Hanna – Principal Housing Manager, Julie Raffaelli – Principal Accountant, Stephen Metcalfe – Principal Democratic Services Officer, Jenny Kay – Civic and Ceremonial Democratic Support Officer and Sarah Moorghen - Democratic Support Officer.

The Task Group gratefully acknowledges the contributions and evidence freely given by:

Ian Sewart	Chief Inspector, Early Action Lancashire Police.
Gary Tunstall	Chief Inspector, Lancashire Police.
Jacqui Thompson	Senior Manager, Planning and Partnership, NHS Lancashire North Clinical Commissioning Group.
Jane Williams	Prevention Support Manager, Lancashire Fire & Rescue Service.





Dianne Gardner      Public Health Specialist, Lancashire County Council.  
 Misbah Bhatti        Senior Democratic Services Officer, Lancashire County Council  
 Karen Morris         Community Foundation of Lancashire and Merseyside.  
 Joan Ford              Community Foundation of Lancashire and Merseyside.

### 2.3 Timetable of Meetings

<b>Date of Meeting</b>	<b>Who Gave Evidence?</b>	<b>Issues Scrutinised</b>
23/02/2017	Jenny Kay – Civic and Ceremonial Democratic Support Officer  Suzanne Lodge – Chief Officer (Health and Housing) and Bob Bailey (Organisational Development Manager)	Terms of Reference and Methodology of Evidence Gathering.  The Current Position in the District and the Way Forward.
22/03/2017	Ian Sewart – Lancashire Police  Jacqui Thompson – Lancashire Clinical Commissioning	Presentation on Lancashire Volunteer Partnership.  Discussions with Funders.
15/08/2017	Karen Morris and Joan Ford - Community Foundation of Lancashire & Merseyside  Robert Bailey – Organisational Development Manager	Community Foundation of Lancashire & Merseyside.  Performance of Existing VFSC Organisations in 2016/17.
12/10/2017	Robert Bailey – Organisational Development Manager	Proposals for the management, monitoring and commissioning of VFSC organisations.

### 3. Documentary Evidence Considered

The Task Group received evidence and heard presentations from the City Council's Organisational Development Manager, the Lancashire Volunteers Partnership and the Community Foundation of Lancashire & Merseyside (CfLM).

Other evidence and documentation was provided by colleagues from Lancashire County Council and NHS Lancashire North Clinical Commissioning Group and from previous performance reviews of existing VCFS organisations.

### 4. Status of Report

This report is the work of the Informal Task Group, on behalf of the Overview and Scrutiny Committee, and where opinions are expressed they are not necessarily those of Lancaster City Council.



## **5. Background and Context**

At the September 2016 meeting the Overview and Scrutiny Committee agreed to add the topic of Voluntary and Faith Sector Commissioning to its Work Programme and in December 2016 the Terms of Reference for an Informal Task Group to investigate the commissioning of VCFS organisations was agreed.

The City Council currently allocates £250,000+ to this sector to deliver key activities as a contribution towards the achievements of outcomes in the Corporate Plan. In 2013, following a commissioning exercise, funding was awarded to seven VFSC partners and contracts drawn up for a three year period ending 31<sup>st</sup> March 2016. Following consideration of a detailed report, Cabinet determined to extend this to 31<sup>st</sup> March 2017 and since then funding has been further extended until 31<sup>st</sup> March 2018. As part of the budget exercise Cabinet will again be asked to consider its approach to commissioning of the sector.

## **6. Information Gathering**

At the first meeting the Terms of Reference for the Informal Task Group were agreed. The Task Group considered the list of VCFS Partners and agreed that the Marsh Community Centre and the Ridge Community Centre should be included.

Members agreed to consider whether commissioning was the best method of funding and that grants be considered as an alternative. It was also agreed to consider a more collective approach by pooling funding with other funders across the district.

### **6.1 Lancaster Volunteer Partnership**

At the second meeting Mr Ian Seward, Chief Inspector, Early Action Lancashire Police, gave a presentation on the Lancashire Volunteer Partnership. The Partnership aims to implement a multi-agency strategy with integrated leadership, commissioning, teams, workforce development, data sharing and ICT systems.

The Partnership is made up of Lancashire Police and Crime Commissioner, Lancashire County Council, Lancashire Fire and Rescue, Blackpool Council, Lancashire Constabulary, Blackburn with Darwen Borough Council, Preston City Council and Neighbourhood Watch.

There are over 3,500 volunteers registered across partner organisations and 124 volunteering opportunities available within Lancashire.

### **6.2 Discussions with Funders**

Jacqui Thompson, from the NHS Lancashire North Clinical Commissioning Group, gave details on the funding commissioned by the organisation. Written responses were received from colleagues at Lancashire County Council.

### **6.3 Community Foundation of Lancashire & Merseyside**

At the third meeting of the Task Group Karen Morris and Joan Ford, from the Community Foundation of Lancashire & Merseyside (CfLM), provided an overview of the CfLM. They advised that the Foundation monitored and administered the commissioning of small grant funding on behalf of high value individuals, trusts and foundations. The Foundation also has experience of working with local authorities, recently having worked alongside Knowsley Council.



The CfLM can administer the funds on behalf of, and work alongside, the City Council and also with providers to check and monitor the use of commissioned funds. In addition the CfLM can research the needs of the district and establish how funding can be targeted more effectively to the needs of the district and the requirements of the City Council.

#### **6.4 Dormant Funds**

The Group has also considered whether there are any dormant funds currently held by the City Council which can be utilised. Evidence was obtained and circulated to the Group, as follows:

That following Cabinet's decision, at its meeting on 19<sup>th</sup> April 2011 (minute no. 126 refers), to transfer the City Council's dormant charity and trust funds to the CfLM to establish a grant-making fund for the benefit of the District (noting that this took place during 2012/13), there are no further dormant funds currently being held by the City Council.

The City Council remains responsible for the administration of a number of 'live' bequests, endowments and trust funds on behalf of their specified trustees, however, of which there were 12 as at 31<sup>st</sup> March 2017. Listed below are those where the Capital value exceeds £1,000:

- Ashton Memorial
- Williamson Park
- William Smith Festival
- Whalley Playground
- Lune Bank Gardens
- Crook of Lune

The City Council also holds other capital funds in a separate 'Marsh' reserve. The monies held in this reserve came from the proceeds of land sold on the Marsh, as set out by the Lancaster Corporation Act 1900. The Act determines that the interest generated on this reserve be applied in perpetuity to the annual payment to the freeman of the City, noting that no changes to its use are permitted.

#### **6.5 Performance of Existing VFCS Organisations in 2016/17**

The Task Group was provided with a report of the Organisational Development Manager on the Voluntary, Community and Faith Sector (VCFS) Review of Activity. This set out the performance and activities of VCFS organisations during 2016/17.

The City Council contracts with VCFS partners for delivery of the following main areas of investment:

- Advice and Information.
- Infrastructure Support.
- Volunteering Coordination.
- Small Grants (Note: this element of the VCFS funding is administered on the Council's behalf by the Community Foundation for Lancashire).

The Organisational Development (OD) Team have met with organisations and monitor performance around the management of each contract and overall activity in line with outcomes and measures. These are as set out in the contracts agreed in 2013/14.



The Task Group has been informed that the VCFS partners have performed reasonably well with some notable achievements. Going forward, should funding continue beyond 2017/18, the Group noted that it would be necessary to reassess needs to ensure that outcomes and measures remained relevant and provided value for money in the investments made.

#### **6.6 Proposals for the management, monitoring and commissioning of VCFS organisations**

The Task Group has also considered a report on proposals for the management, monitoring and commissioning of VFSC organisations. A report from the Community Foundation for Lancashire and Merseyside (CfLM) was circulated to the Group. The report contained a number of options for the management and monitoring of the VCFS organisations currently funded by the City Council.

The Task Group requested that the following options be explored:

- (a) CfLM initially take on the management and monitoring of the funds and outcomes as currently administered by the City Council.
- (b) Option (a) with the addition that this be followed by a review/report (probably during 2018/19) by the CfLM that covers an assessment of need and where the gaps in evidence and service provision are and to provide some suggestions on the most cost effective way to commission in the future, and;
- (c) CfLM to undertake a full review now and provide suggestions/recommendations on the best way forward.

A report was provided for the Task Group. A full copy is provided at Appendix 1. The Task Group agreed:

Attached to this report are the detailed proposals and proposed methodology received from CfLM as requested and the fee, as a percentage of the total annual VCFS budget that they are asking for in order to carry out these functions and responsibilities on the Council's behalf.

Broadly this is: -

- a fee of 5% of the VCFS budget to process payments and manage the monitoring and reporting of the performance of VCFS organisations commencing 1st April 2018;
- to provide a full review of current arrangements; reassess the districts needs and determine value for money investments in line with corporate priorities and make recommendations on the way forward from March 2019 a fee of 12% of the VCFS budget is requested.



## 7. Financial Implications

Financial Year	Current Budget £	Proposed Fee £	
		Option 1 (5%) £	Option 2 (12% 2018/19 5% 2019/20 onwards) £
2018/19	263,600	13,180	31,632
2019/20	269,900	13,495	13,495
2020/21	275,900	13,795	13,795
2021/22	225,900	11,295	11,295
<b>Total</b>	<b>1,035,300</b>	<b>51,765</b>	<b>70,217*</b>

Decision	Total Fees (4 Year Period) £
If Option 1 Agreed.	51,765
If Option 2 Agreed	70,217

\* Assumes no change in priorities or budget, however this could increase, subject to the outcome of the CfLM review from 2019/20 onwards.

The Task Group has requested that options be considered for budgetary provision including options that do not reduce VFCS funding, for the fees proposed by CfLM, as set out within this report.

## 8. Conclusion

CfLM has provided detailed proposals based on the options requested and have the necessary experience, knowledge and resources needed to fulfil these obligations on the Council's behalf and in line with corporate priorities.

VCFS organisations currently provide a range of advice and information, infrastructure support and volunteer coordination services to vulnerable people in line with corporate priorities in the 2016 – 2020 Corporate Plan and those being developed as part of the emerging 2018 – 2022 Corporate Plan

The Task Group considered these and determined a preferred recommendation(s) for the future management, monitoring and commissioning of VCFS organisations to the Overview and Scrutiny Committee meeting on 6<sup>th</sup> December 2017.



## 9. Recommendations

Set out below are the recommendations that have emerged from the Task Group's work.

### Recommendation 1

That the Marsh Community Centre and the Ridge Community Centre be included on the list of VCFS Partners.

### Recommendation 2

That Option 2, in addition to the fund management outlined in Option 1, submitted by the Community Foundation for Lancashire and Merseyside (CfLM), as set out below, to include an assessment of youth funding opportunities, be recommended to the Overview and Scrutiny Committee.

#### Option 1 - from 1 April 2018

##### **Process payments to VCFS' partners:**

All grant payments are managed by our finance team and tracked through our database as each grant awarded has its own record. Grant payments are sent to successful applicants via Bacs or a cheque if required. Grant payments can be split into 2 payments if required based on successful completion of interim monitoring

##### **Monitoring projects:**

All grants we manage are monitored both in terms of checks on spend and a review of their social impact. Depending upon the size and nature of the grant and the donor's wishes this can be provided at end of project, at mid-point or on a quarterly basis. We can carry out on site visits to each group to check on the performance of the group and to build up a relationship with the partners and to find out more about what the needs and the issues are in the area.

We currently use an online end of grant monitoring form and we can design a specific monitoring form for each group asking them to report against the outcomes which were originally identified. Receipts and evidence of expenditure along with case studies and photographs can all be uploaded online.

We collect data on the use of the grant, the difference it has made to the lives of beneficiaries and ask for case studies to be provided. We collect beneficiary statistics based upon demographics such as ages, ethnicity, project location and social issues being tackled. All information is then collated for reporting for the donor.

We will check that the overall activity and outcomes are in line with what was agreed in the original contract.

##### **Respond to queries:**

Your designated fund manager will be on hand to respond to any queries the organisations may have on their funding, whether this is related to a change in use



or specific outcomes. We are committed to ensuring that the group achieves the best possible outcomes and that any changes or risks are adequately managed.

### **Reporting:**

We will produce a report twice a year detailing the achievements and outcomes of each organisation, with specific case studies where appropriate. We will detail the achievements, concerns and progress of each commissioned organisation.

### **Option 2:**

In addition to the fund management outlined in Option 1 we would also be happy to provide a review of current arrangements and make recommendations for the way forward from March 2019.

In order to justify further funding for the VCFS sector going forward from 2019 it is necessary to reassess need to ensure that outcomes and measures remain relevant, provide value for money in the investments made and are in line with the Council's priorities.

CfLM will compile a report suggesting the way forward with regards to commissioning VCFS partners in the future. In order to do this, we need an understanding of the needs of the local community, what is already out there and what are the opportunities we will do this by undertaking research to establish:

- What are the issues?
- Where are the needs/gaps?
- What needs addressing?

How will we find out?

- Use information gained from existing VCFS partners (based on monitoring and evaluation of previous awards).
- What has changed since last commissioning framework which may impact on both the VCFS sector and its beneficiaries i.e. government reforms.
- Discuss with other partners, service providers and agencies.
- Survey local community to find out what they think the issues and concerns are.
- Consult local statistics/reports.
- Existing providers – what is already out there.

We know what the issues are? How do we find the organisations that can help solve these issues?

- Mapping exercise to find out who already works on the identified issues.
- Research other groups that may be able to expand their services.
- Tender exercise – target specific groups.



- Undertake a commissioning exercise to have arrangements in place for the 2019/2020 financial year.

**From 2019/20:**

The Community Foundation would be able to support Lancaster City Council by providing ongoing budget, payment and monitoring, including social impact on an annual basis at a fee to be determined in 2018/19.

**Recommendation 3**

That options be considered for budgetary provision, including options that do not reduce VFCS funding, for the fees proposed by CfLM as set out within the report.





Appendix 1

# Lancaster City Council Proposal

Submitted by the Community Foundation for Lancashire



## Introduction:

We are very pleased to have the opportunity to provide you with a quote for the management and monitoring of the Voluntary, Community and Faith Sector (VCFS) organisations currently funded by Lancaster City Council.

This proposal provides an overview of our offer and quote from the Community Foundation for Lancashire in administering the Funds in 2018/19.

We have also provided a quote for carrying out a review during 2018/19 of your current commissioning arrangements, where we will look to do an assessment of the needs in your area and to provide suggestions on the best way to commission services in the future.

We look forward to hearing your thoughts on working together on managing your commissioning arrangements.

## Background to the Community Foundations:

As a registered charity, the Community Foundations for Lancashire and Merseyside is one of the UK's leading and most innovative group of Community Foundations. Our charitable work is about growing stronger communities together, and through this work we offer community giving and funding opportunities for individuals and organisations who want to support local causes. We connect donors and funders to the community, and invest their funding with their direction or on their behalf via donations and grants.

Community Foundation for Merseyside was established in 1999 and Community Foundation for Lancashire was established in 2008. Since 1999, we have distributed nearly £50 million (both areas combined) to 13,000 community projects in collaboration with 70 donors and organisations. We are audited annually to satisfy Charity Commission requirements and audited on a tri-annual basis as Community Foundations via UK Community Foundations' Quality Accreditation process.

We administer 50 funds and foundations in collaboration with individuals, families, companies, trusts and statutory bodies. Some current fund holders include:

- Comic Relief
- ENI (formerly BHP Billiton)
- Hill Dickinson
- Home Office
- Jamie Carragher
- Liverpool ONE
- Knowsley Council
- John Laing Charitable Trust
- Innogy Renewables
- New Progress Housing
- Peel Ports
- Sir Michael Bibby
- Sir Terry Leahy
- Tilney Best Invest
- United Utilities
- W O Street Foundation



## Working with Lancaster City Council

### Management and monitoring of current funds – BASED ON CURRENT GROUPS

Lancaster City Council has identified that a key objective of all the partners 'is the achievement of improved social capital in the district by supporting local people, groups and organisations to take an active part and influence what happens in their local area.

Lancaster City Council commissions partners from the VCFS sector to deliver key activities as a contribution towards the achievement of outcomes in the Corporate Plan. The main areas of investment are for the following:

- Advice and Information
- Infrastructure Support
- Volunteering Coordination
- Small Grants fund

Advice and Information is currently being provided by the following organisations:

- Age UK Lancashire
- Citizens Advice
- Samaritans (Lancaster District)
- Victim Support
- Community Advice Network (CAN)

Infrastructure Support is provided by:

- Council for Voluntary Services (Lancaster District)

Volunteering is provided by

- Council for Voluntary Services (Lancaster District)

Small Grants fund is provided by:

- Community Foundation for Lancashire

In response to your requirements for the management and monitoring of the funds and outcomes from April 2018 to March 2019.

### **OPTION 1 - from 1 April 2018**

#### Process payments to VCFS' partners:

All grant payments are managed by our finance team and tracked through our database as each grant awarded has its own record. Grant payments are sent to successful applicants via Bacs or a cheque if required. Grant payments can be split into 2 payments if required based on successful completion of interim monitoring.



### Monitoring projects:

All grants we manage are monitored both in terms of checks on spend and a review of their social impact. Depending upon the size and nature of the grant and the donor's wishes this can be provided at end of project, at mid-point or on a quarterly basis. We can carry out on site visits to each group to check on the performance of the group and to build up a relationship with the partners and to find out more about what the needs and the issues are in the area.

We currently use an online end of grant monitoring form and we can design a specific monitoring form for each group asking them to report against the outcomes which were originally identified. Receipts and evidence of expenditure along with case studies and photographs can all be uploaded online.

We collect data on the use of the grant, the difference it has made to the lives of beneficiaries and ask for case studies to be provided. We collect beneficiary statistics based upon demographics such as ages, ethnicity, project location and social issues being tackled. All information is then collated for reporting for the donor.

We will check that the overall activity and outcomes are in line with what was agreed in the original contract.

### Respond to queries

Your designated fund manager will be on hand to respond to any queries the organisations may have on their funding, whether this is related to a change in use or specific outcomes. We are committed to ensuring that the group achieves the best possible outcomes and that any changes or risks are adequately managed.

### Reporting:

We will produce a report twice a year detailing the achievements and outcomes of each organisation, with specific case studies where appropriate. We will detail the achievements, concerns and progress of each commissioned organisation.

### Finance:

We currently receive a fee of 12% of the value of the Small Grants Fund we manage on behalf of Lancaster City Council. To deliver **Option 1**, as outlined above, we would ask for a **fee of 5%** of the total annual VCFS budget and this would include the management of the Small Grants Fund.

### **OPTION 2**

In addition to the fund management outlined in Option 1 we would also be happy to provide a review of current arrangements and make recommendations for the way forward from March 2019.

In order to justify further funding for the VCFS sector going forward from 2019 it is necessary to reassess need to ensure that outcomes and measures remain relevant, provide value for money in the investments made and are in line with the Council's priorities.

- CFLM will compile a report suggesting the way forward with regards to commissioning VCFS partners in the future. In order to do this, we need an understanding of the



needs of the local community, what is already out there and what are the opportunities we will do this by undertaking research to establish

- What are the issues
- Where are the needs/gaps?
- What needs addressing

How will we find out?

- Use information gained from existing VCFS partners (based on monitoring and evaluation of previous awards)
- What has changed since last commissioning framework which may impact on both the VCFS sector and its beneficiaries ie government reforms
- Discuss with other partners, service providers and agencies
- Survey local community to find out what they think the issues and concerns are
- Consult local statistics/reports
- Existing providers – what is already out there

WE KNOW WHAT THE ISSUES ARE? HOW DO WE FIND THE ORGANISATIONS THAT CAN HELP SOLVE THESE ISSUES?

- Mapping exercise to find out who already works on the identified issues
- Research other groups that may be able to expand their services
- Tender exercise – target specific groups
- Undertake a commissioning exercise to have arrangements in place for the 2019/2020 financial year.

#### Finance:

To deliver Option 2 in addition to Option 1 would ask for a **fee of 12%** of the total annual VCFS budget in 2018/19.

#### From 2019/20:

The Community Foundation would be able to support Lancaster City Council by providing ongoing budget, payment and monitoring, including social impact on an annual basis at a fee to be determined in 2018/19.



**CABINET**

**Beyond the Castle  
Archaeological Site  
13 February 2018**

**Report of the Chief Officer (Regeneration & Planning)**

<b>PURPOSE OF REPORT</b>			
To note the initial recent archaeological findings and their potential national significance. To consider the recommendations for future work that offer a comprehensive strategic direction for managing and future work across the site.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	15 <sup>th</sup> January 2017		
This report is public			

**RECOMMENDATIONS OF COUNCILLOR DARREN CLIFFORD**

Subject to the resolutions of Budget Council:

- (1) The Council works with Historic England to establish appropriate protection of the site, including a possible extension of the Scheduled Ancient Monument (SAM).
- (2) A formal academic report is commissioned to capture archaeological understanding of the site, to date, and to provide a basis upon which future development of the site can be established.
- (3) An active Site Management Plan is developed to provide ongoing care of the site along with prioritised recommendations for urgent remedial repairs, noting that its implementation may require additional funding in future years.
- (4) An expert project board is established for the site that will set out a five year archaeological research framework and can assist in developing academic, heritage, scientific research and funding partnerships.
- (5) Early work is undertaken to develop a medium term funding strategy for the five year research framework.
- (6) Cabinet notes potential requirements for space, preferably adjacent to the archaeological site, for visitor, museum, education and commercial

**services.**

## **1.0 Introduction**

- 1.1 Lancaster's Roman history spans five centuries and yet the area around Lancaster Castle has been the subject of little archaeological enquiry. Although lying within the city centre and surrounded by development, the site has largely escaped modern interventions and represents an opportunity for important new archaeological investigation. The City Council is the principal land owner of the site, which includes Vicarage Fields and Quay Meadow, with only a small area of land within the SAM in private ownership.
- 1.2 In the last five years work under the project *Beyond the Castle* indicated that Lancaster's Roman history is more significant than previously thought. This report summarises the findings of this work and makes recommendations for the city council to make further progress in a strategic and controlled way.
- 1.3 Beyond the Castle emerged from the Lancaster Square Routes city centre regeneration project and set out to better connect and rejuvenate the green space and heritage site stretching from the Castle to the Quayside. The Square Routes project recognised the site as a key public open space and this directly led to special consideration and development of the site as part of the Beyond the Castle project, led by Lancashire County Council, the City Council, Lancaster University and with support from expert consultant services and community groups.
- 1.4 Lancashire County Council is no longer able to provide an operational lead on this project. The project is therefore at a point that enables the City Council to take stock of the site's heritage potential and consider how best to carry on this work.

## **2.0 Background**

- 2.1 The City Council has commissioned a consolidated report by consultants Prince and Pearce (P+P) with contributions from the Beyond the Castle lead archaeologist Jason Wood and Dig Ventures, also taking account of work undertaken by Lancaster District Heritage Group in the 2015 excavations. The report details findings so far and advances what is known about Roman Lancaster.
- 2.2 The significant indications are that this site:
  - is potentially extremely rich in Roman and later remains;
  - has evidence of a Late Roman Shore Fort;
  - has a sequence of Roman forts and extra-mural activities;
  - has evidence of a military port or harbour;
- 2.3 The recent investigations indicate a greater level of Roman activity in Lancaster than the current Scheduled Ancient Monument listing describes. All Roman archaeology is of national significance, but the potential (if both a Roman Shore Fort and a large military port function are proven) is exceptional for Lancaster and significant at the national and international level. It will be interesting to see if the scale of evidence supports previous assertions that Lancaster is the location of Roman geographer Ptolemy's "Portus Setantiorum", the exact location of which has never been found.

- 2.4 The consultant's report goes on to recommend a number of steps to protect and better understand the site plus a planned approach to capture the opportunity for development of a highly significant archaeological site that engages with visitors and communities, enhancing Lancaster's profile as a heritage and visitor destination.
- 2.5 Members should note that this project has links to the City Council's review of its Museum Service. The revelation of important heritage through archaeology will have significant potential for the museums and collections, interpretation and exhibitions and for a high level of engagement with communities and visitors.
- 2.6 Progress and proposals have been discussed by the Museums Cabinet Liaison Group on 13 December 2017, alongside emerging proposals for the museums service. Members expressed support for the draft report recommendations, but felt that as a changing and complex area of work there were uncertainties that could have budget implications leading to delays. Initial proposals to deal with early budget requirements are included below.

### **3.0 Proposal Details**

- 3.1 The AP+P report suggests a programme of further development work that should take place in the short to medium term to begin to realise the potential of Lancaster's heritage assets. Officers are now requesting the support of Cabinet to develop and progress these areas of work, as summarised below (full details are set out in Appendix 2):
  - Extension of the area protected by the Scheduled Ancient Monument designation to include Quay Meadow.
  - Develop with Historic England and implement an active site management plan that includes a number of remedial works.
  - Commission a formal academic archaeological report to support future interest and work in the site.
  - Establish a project board for the site that will set out a five year archaeological research framework and agenda.
  - Develop and establish partnerships with academic institutions and scientific research businesses.
  - Develop a funding strategy to deliver the five year research framework that is underpinned by financial support from the city council.
- 3.2 These early steps will protect and increase understanding of the site, and begin to establish engagement with specialist advisors to develop longer term plans. As this work progresses, further clarity will be gained and reports will be provided to ensure that Cabinet is informed and can consider any further recommendations.
- 3.3 Initial budgets of £25k in 2018/19, to develop specialist archaeological reports and funding applications, are included within Cabinet's budget proposals. A budget of £50k in 2019/20 is also included, to allow for potential match funding requirements for a major funding application in that year.
- 3.4 Cabinet members should also note that alongside the archaeology work the development of a comprehensive site management plan, that reflects the heritage and open space value of the site, is imperative. This will not only enhance an important open space located centrally in Lancaster's historic core, but it will improve the prospect of successful applications to funders for future investigations and improvements. The aim is to have a new management plan that is developed in consultation with Historic England and



that their approval enables maintenance works to progress on the SAM without requiring multiple individual applications. A balance will need to be struck between the ideal and the affordable.

- 3.5 Further to the routine maintenance of the site there are a number of remedial urgent repairs and property issues that need to be addressed. A cross service officer working will be established to bring together the specialist expertise from Property, Legal, Finance, Environmental Services, Health and Safety, Conservation and Economic Development. The cross service group will undertake an options analysis of the remedial repairs and potential funding sources, and make prioritised recommendations as appropriate. It is anticipated that any significant budgetary implications would relate to future years, beyond 2018/19, but this has yet to be confirmed.
- 3.6 Both the Comprehensive Management Plan for day to day maintenance and the prioritised recommendations for urgent remedial repairs will be the subject of future detailed Cabinet reports.

#### **4.0 Details of Consultation**

- 4.1 The Beyond the Castle project has been subject to considerable public consultation and involvement that has enabled and facilitated much of the work to date. This should be recognised and acknowledged as one of the project's significant achievements.
- 4.2 Community support and interest in the project is likely to grow as further discoveries about Lancaster's Roman and post-Roman history are made. Appendix 1 details a series of community involvement in excavations and digital engagement activities which are vital to the project and are supported by the City Council. However, this can only progress under the direction of an expert steering group and within a clear archaeological research framework, as proposed.

### 5.0 Options and Options Analysis (including risk assessment)

	<b>Option 1: Do Nothing</b>	<b>Option 2: Continue piecemeal / ad hoc approach</b>	<b>Option 3: Take forward a comprehensive approach (PREFERRED OPTION)</b>
<b>Advantages</b>	<p>With no archaeological investigations or further works there are no additional demands for council resources.</p>	<p>Limited demand on staff resources.</p>	<p>Provides the best conditions to discover and record Lancaster's Roman archaeological history.</p> <p>Maximises potential for economic benefits, including visitor numbers and spend.</p> <p>Significant discoveries would contribute to the museums service and the uniqueness of the local collections.</p> <p>Sets formal framework for future project work that will meet funder's requirements and best practice in archaeology.</p> <p>Developing and implementing a comprehensive management plan for the site will enable a proactive approach that plans costed works and in the long term provides better quality service that is more cost effective.</p> <p>The council can meet its responsibilities by taking a leadership role in ensuring appropriate management and development of the site.</p> <p>Potential new income generation opportunities from special exhibitions, workshops and seminars, merchandising and catering.</p>

<b>Disadvantages</b>	<p>The opportunity to discover and tell Lancaster's Roman story and raise Lancaster's profile, is not taken.</p> <p>Tourism, museums and wider economic benefits not delivered.</p> <p>Some work on the site is still required but is unlikely to attract significant external funding.</p>	<p>Agenda for future work is reactive with the potential for the agenda to be set by others without the benefit of expert advice or an agreed strategy.</p> <p>Lacks scale to secure significant funding, leading to a reduced and poorer quality evidence base.</p> <p>Missed opportunities to capitalise on developing plans for the museums service.</p>	<p>Current staff resources required to coordinate approach at this early stage.</p> <p>Some financial implications for the council, but also external funding opportunities.</p>
<b>Risks</b>	<p>Site has some condition issues that present a risk to the archaeological record and Scheduled Ancient Monument.</p> <p>There is currently limited protection of the site, which constrains the ability to ensure the site is investigated / excavated appropriately.</p> <p>Implicit to the <i>do nothing approach</i> is an acceptance of a reactive approach to maintenance that could prove more costly over the long term.</p> <p>Potential reputational damage to the Council in terms of its responsibilities for the site.</p> <p>Intellectual property rights relating to the understanding of the site may not be limited to the Council and its agreed partners.</p>	<p>Absence of comprehensive management plan likely to lead to a reactive approach that could be more costly and fail to protect heritage assets in the short term.</p> <p>Potential reputational damage to the Council in terms of its responsibilities for the site.</p>	<p>Resource/ space requirements for finds, archives and to provide suitable working and visitor areas are not currently available. This can be addressed by emerging options for the museums in the next year or so.</p> <p>External funding is not guaranteed. Liaison with funders will help to gauge interest and support.</p> <p>The Roman story may turn out to be less significant than expected. This seems unlikely but the process of revealing the heritage of the site will be of huge interest to experts and amateur archaeologists in any event.</p>

## 6.0 Officer Preferred Option (and comments)

- 6.1 The officer preferred option is **Option 3 (Take forward a comprehensive approach)** as it ensures that the City Council is able to guide the future archaeological investigations within a robust framework that provides the greatest chance of securing external funding necessary. The actions are all linked to the successful achievement of discovering Lancaster's Roman story and the significant benefits it could bring to the city, subject to the quality and significance of the finds and there being a viable and affordable business case.

- 6.2 Option 1 (Do nothing) fails to acknowledge and capitalise on the potential offered by the new understanding of Lancaster’s Roman history. With discoveries likely to be of national significance this would seem to be a missed opportunity. It may avoid further cost pressures, however.
- 6.3 Option 2 (Continue piecemeal approach) may provide limited benefits, but will ultimately yield a fragmented archaeological story due to the small scale of investigation over a protracted period.

**7.0 Conclusion**

7.1 This project is at an important point and the actions set out in Option 3 provide a comprehensive programme to successfully maximise this heritage opportunity. This approach recognises the likely national significance of the site, as well as its importance to Lancaster. The scale of archaeological potential has the ability to put Lancaster ‘on the map’ as a significant Roman heritage site offering new possibilities as a heritage destination, public space and place of discovery. Telling Lancaster’s Roman archaeology story through further excavation, interpretation and display can be an essential ingredient in the city’s offer for visitors and for local communities, bringing with it significant economic benefits. A strategic partnership with expert advisors, including Universities, is likely to arise from this work with the potential to benefit Lancaster well into the future.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>A specific outcome of the Corporate Plan 2016-2020 under the section on Sustainable Economic Growth states: <i>The attractiveness and offer of the district as a place to visit or invest in will be improved. Enhance Lancaster’s urban centre through investment in the built environment, heritage assets and the public realm.</i> There is also a recognition of the importance of the visitor economy to the district. The work this report will take forward has the potential to make a strong contribution to Lancaster’s history and its narrative.</p>
<p><b>CONCLUSION OF IMPACT ASSESSMENT</b> <b>(including Health &amp; Safety, Equality &amp; Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):</b></p> <p>The EIA has been completed and the principal focus is to ensure any materials to disseminate the findings made to made are in accessible formats.</p>
<p><b>LEGAL IMPLICATIONS</b></p> <p>There are no immediate legal implications. However, some actions may well require legal support to work with adjoining landowners and establish forms of contract to ensure any future archaeological work is the intellectual property of the council and that any finds and documentary archives are also property of the council.</p>
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>Funding of £75K to support the recommendations in this report have been included in Cabinet’s budget proposals. This includes £25K for specialist commissions including archaeological reports and external funding in 2018/19 and £50k for match funding in 2019/20.</p> <p>The development of a comprehensive management plan is likely to have budget implications</p>

as the site has a number of issues that will need to be addressed. These will be subject to future reports to Cabinet, and may need to be considered in future years' budget processes.

**OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:**

Capacity to coordinate the early steps detailed in the report is available within the Economic Development service area. Funding requests will allow additional specialist skills to be accessed.

Officers in Economic Development are working closely with Environmental Services and the public realm team.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and has no further comments.

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None

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**Lancaster City Council**  
Regeneration & Planning Services

**Reshaping Lancaster District's Museums Offer  
Report of Findings and Recommendations**

**The Archaeology of the Castle Hill Area, Lancaster  
Consolidated Report**

**P+P**

July 2017

# Reshaping Lancaster District's Museums Offer Report of Findings and Recommendations

## The Archaeology of the Castle Hill Area, Lancaster Consolidated Report

*Prepared for*

**Lancaster City Council**  
Regeneration & Planning Services

**July 2017**

*by*

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### **Status of Document**

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## 1 Executive Narrative

Vicarage Fields/Quay Meadow, the scope of the brief – an area of essentially undeveloped, open recreational and scrub land lying between the Priory Church to the south and River Street/St George's Quay to the north – is bounded by the main railway line to the west and the foreshore developments on the banks of the River Lune to the east. The additional area covered by the Beyond the Castle project includes the Castle, the Hillside, the Priory church and the land in between.

### 1.1 Significance

It is clear from the desk-based assessment by DigVentures, P+P and the work of Jason Wood and his colleagues over a number of years that the site is archaeologically highly significant at the national level and almost certainly at an international level in terms of late Roman remains.

Part of the site is a Scheduled Ancient Monument (List Entry Number 1020668) and there could be made an argument for extending this designation over the area bounded by the white line in Figure 1, above, perhaps by deploying the concept of Historic England's Heritage Action Zone.

Excavations, field assessments, partial (trial) excavations and research sources (all examined in detail by DigVentures and Jason Wood and set out in their respective reports and summarised in this report) indicate that the site is potentially extremely rich in Roman and later remains, particularly as evidence suggests that a Late Roman Shore Fort occupied Castle Hill.

Thus, the site has significance on account of its archaeological evidence for the sequence of Roman forts and their associated extra-mural activities. The obvious geographical and strategic advantages offered by the elevated hill site and navigable river were significant reasons for the long duration of the military presence in Lancaster and especially for the establishment of a late Roman shore fort and military port or harbour.

The site also has significance due to its archaeological evidence for post-Roman activity. The survival of the late Roman shore fort combined with the site's good communications would have made Lancaster a likely location as an ecclesiastical and political 'central place' in the immediate post-Roman era. The site's Roman past was very much a visible presence in the early medieval period and its symbolism helped to legitimise religious and political authority up to and during the Norman period, influencing the location of the pre-Conquest monastery and Lancaster's first castle.

Lancaster's Roman heritage has significance in terms of its educational, interpretive and tourism value. There is a growing wealth of information about Roman Lancaster as a result of the Beyond the Castle project. This gives the place great value for National Curriculum programmes of study in that it offers the potential for a diversity of learning opportunities, and has special significance as a resource for Key Stage 2 pupils (ages 7-11).

Although situated within the urban fabric and fringed by the historic city, the site has been largely spared from later development and never fully investigated. Consequently, there is little overburden and the archaeological layers lie untouched just below the surface at a relatively shallow depth compared to other parts of the city.

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The site therefore represents significant potential in terms of what archaeology can contribute to an understanding of the importance of Lancaster from Roman times through to the medieval period.

## **1.2 Potential**

This widening potential has the ability to put Lancaster ‘on the map’ as a significant Roman heritage site offering new possibilities for Lancaster as a heritage destination, public space and place of discovery. The site represents a good strategic fit with Lancaster Square Routes and the masterplan development for the city centre, and branding and destination development for Lancaster as a ‘Heritage City’. Telling the story of the Roman archaeology, therefore, through further excavation, interpretation and display, should be seen as an essential ingredient and in the city’s tourism strategy, bringing with it significant economic benefits.

The site also has potential to give local communities persistent ownership and a sense of pride in the history and heritage of their city by delivering new ways of integrating the meaning and value of local places with the potential to reach out to global audiences, deeply engaging people in the process of discovery and in constructing aspirations for the future.

There is a huge opportunity for sustainable engagement not only with local people but also with visitors. Examples of successful Roman heritage sites such as Vindolanda attract large numbers of paying visitors and have developed successful business models to finance long-term excavations, whilst organisations like Dig Ventures now support and deliver crowdfunded and crowdsourced archaeology projects internationally.

Most importantly in this context there is the potential to refresh the city’s museums offer and organisational models to support a growing visitor economy.

There is also growing potential through links with Lancaster University, the creative industries and not-for-profit (and for profit) delivery partners to develop new technologies and products to tell and animate the history of Lancaster and to weave these alongside contemporary narratives (arts, crafts, trade and so on) into the visitor offer and civic programme.

In essence, and if managed and developed with care and with flair, the site has the potential not only to deliver to Lancaster archaeological finds of international significance but also to make a major contribution to its evolving heritage-based tourism infrastructure.

### 1.3 Planned Research Excavations

As part of this, consideration should be given to making the site the subject of (say) an annual research project over a number of years along the lines of Ribchester (managed by UCLAN) and Aldborough (Cambridge University, Faculty of Classics).

To facilitate this it is worth considering the creation of a Strategic Advisory Group (chaired by Lancaster City Council) and including members from the economic regeneration team supported by suitable academics from (say) Durham University, Cambridge, Oxford, University College London and the British Museum.

The remit of this group, it is suggested, should include building a credible business case to justify multi-year archaeological investigations, all anchored by an archaeological research framework capable of attracting external funds.

Hence, establishing this group (or some variant of it) is an essential first step in developing the archaeological potential of the site, particularly as until an archaeological programme has been devised it is very difficult to consider what funding will be required and from where it can be sourced.

One of the aims of the Group is, therefore, for its members to have access to, or be able to source, external funds as required.

It is also clear that funding for non-development-related (essentially research) excavations (as is the case here) will be difficult to secure, particularly as funds are being cut in many areas and current priority in terms of the deployment of archaeological resources is towards essentially rescue work on development sites.

However, a number of grant-awarding bodies does exist for such work; indeed the *Heritage Funding Directory* lists ninety-two such sources as a mix of government agencies and charitable organisations in the UK.

### 1.4 Supporting the Museum Service

Outside the purely archaeological considerations, the site has the potential to generate income for the museums service at a time when it is likely (if the recommendations in the main **AP+P** report are followed) that the City Museum will be closed for renovation and redevelopment, particularly by way of either crowd-funding (at which Dig Ventures are expert) or on-site donations as the archaeological work proceeds.

There is clearly an appetite locally for engaging in such work (as evidenced later in this report) and much positive PR could be generated if the archaeological work were to be seen to be both of direct community value as well as adding beneficially to the information to be exhibited in the redeveloped City Museum.

Assuming that some form of archaeological work proceeds at some point, the basement of the Customs House on St George's Quay could be used as both a site office/finds processing facility as well as providing teaching and other meeting space over the dig season.

An evolving exhibition of the finds and their significance is also a possibility. Whilst this could be seen as being a reason to retain the Customs House as a City resource in the short term, it is also possible that such facilities could be provided in temporary accommodation on Vicarage Fields/Quay Meadow itself, in line with usual archaeological site practice, should the City decide to deploy the Custom House's resources in some other way.

In the longer term, and subject to the various factors noted above either being resolved or put in place, the site has the potential to support a multi-year, seasonal programme of archaeological excavations and associated activities. Indeed, this should be the aim, together with the extension of the protected (Designated) area.

Such a programme of active archaeological intervention sustained over a number of years (seasons) should prove to be a popular tourist draw from the region and elsewhere, and hence could add much to the local economy. As more is uncovered, more visitors will come to the site. The key is generate and sustain a positive PR campaign around the preservation, conservation and exhibition of this potentially highly significant archaeological resource.

Jórvík, in Coppergate, York particularly in its early days, is a good example, albeit that the site is in the heart of the city and close to the historically-significant Shambles, Clifford's Tower and the Minster. In 1976, when Jórvík was being excavated initially, a mere handful of people, the current author included, visited the site and made a modest contribution to the dig's funds. As at the end of 2016 Jórvík had received over 16 million visitors at the average rate of 650,000 a year and paying (as of today) £14.45 per adult (£44.00 for a family ticket of four) for 'the experience'. Jórvík has thus become a viable and, to all intents and purposes, a sustainable 'heritage product' in the very heart of York.

Of course, at the moment the site is not Jórvík, and it may never be in the same terms ... but with even a small proportion of Jórvík's visitors (and hence earnings) it would add considerably to the 'Lancaster offer' and, as importantly, to the wider economy of the City.

Anecdotal evidence from the historic 'Roman cities' of York, Chester, St Albans, Vindolanda, Lincoln, Colchester and Bath all suggests that visitors, particularly overnight visitors, are attracted to see 'things on the ground' and 'as they happen' and want to 'talk to the archaeologists': it's all part of the voyeuristic culture that appeals to many lay followers of archaeology.

And these lay followers tend to be middle class (primarily AB), well-educated and with disposable incomes ideally suited to support the work at Vicarage Fields/Quay Meadow. They may not all 'put 50p in the bucket' but if they stay an extra night in Lancaster then their contribution to the local economy is a hundred, perhaps two hundred, times larger.

It has to be remembered that *the story is the asset* not necessary the finds on the ground, which are often simple, everyday objects or, more often, parts of objects. It is what the City makes of the story that matters.

There is much to play for here – not just at the site – but for the redeveloped museum service and the future of Lancaster as an *English Heritage City*.

## 2 The Site

The site comprises a mix of both designated and non-designated heritage assets, characterised predominantly by the upstanding and buried remains of the northern parts of Lancaster Roman fort and its associated militarised zone, together with the buried remains of a pre-Conquest monastery and a Benedictine priory (SAM No. 1020668). In very general terms, the whole site (including both the Designated and non-designated areas) is in excess of twelve 12 hectares.

The Scheduled Area (SAM) is confined to the top and the northern slopes of Castle Hill, extending beneath the present Priory Church of St Mary and its churchyard, and including modern and former vicarages and their gardens. St Mary's Parish Church and Priory and other associated structures are excluded from the SAM, however the ground beneath these structures also form part of the designation.

The Site is currently utilised as recreational green space, occupying three distinct parcels of land separated by tarmac pathways and woodland, bounding the northern escarpment of Lancaster Castle. This area has played a pivotal role in the historic development of the city, and recent community-based archaeological investigation has brought significant new evidence to light, in addition to underscoring the potential for expanding engagement with this relatively underutilised heritage asset.

The study area lies within the 'Historic Core' landscape character type according to the Lancashire Landscape Strategy (Lancashire County Council 2001). The bedrock comprises siltstone, mudstone and sandstone of the Roeburndale Member. Soilscape classifies the native soils as predominantly Soilscape 6: freely draining slightly acid loamy soil. The natural condition of the soils has been greatly modified over time by anthropogenic influences resulting from historic phases of construction, excavation and compaction.

Vicarage Fields/Quay Meadow (centred on Grid Ref 347231 462265) is topographically fairly flat, comprising an area of urban grassland surrounded on three sides by trees and lying between Lancaster Castle and St Georges' Quay close to the River Lune. Vicarage Fields/Quay Meadow is a green space within an area of mixed residential, commercial and tourism/leisure related properties. Including Vicarage Field, the Meadows forms part of the Castle Hill/St Georges' Quay area of the City of Lancaster, and is owned by Lancaster City Council. The meadow lies alongside a Scheduled Ancient Monument, an area occupied by the remains of at least three Roman forts and a Roman Bath House.

Adjacent to this, Vicarage Field East (centred on Grid Ref 347404 462047) is protected as a Scheduled Ancient Monument, and also lies within a Conservation Area. The site's topography is gently falling from the Old Vicarage/Lancaster Priory (to the north) towards the river Lune to the south. The site is fringed with trees to the north and south, with Vicarage Lane running alongside the western site boundary.

Vicarage Field West (centred on Grid Ref 47285 62033). The topography in this part of the Site gradually declines from the Old Vicarage/ Lancaster Priory (to the north) towards the river Lune to the south. It is fringed with trees to the north and south, Vicarage Lane running alongside the eastern site boundary. The site lies within the 'Historic Core' landscape character type according to the Lancashire Landscape Strategy (Lancashire County Council 2001). The bedrock comprises

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siltstone, mudstone and sandstone of the Roeburndale Member. Soilscape classifies the native soils as predominately Soilscape 6: freely draining slightly acid loamy soil. The natural condition of the soils has been greatly modified over time by anthropogenic influences resulting from historic phases of construction, excavation and compaction.

Beyond the scheduled area, Roman and Medieval activity has been identified extending into Vicarage Fields/Quay Meadow down towards St George's Quay, potentially associated with a military port or harbour. Sporadic (and unfortunately poorly-published) small-scale excavations have taken place across the Site since the 1920s, commencing with Droop and Newstead (1927-29), followed by excavations in Bath House Field by Sir Ian Richmond (1950-65 – See Plate 2.4), and later rescue excavations by Jones and Shotter (1970-75).

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### 3 Wider Archaeological Context

Relatively little is known about the archaeology of Lancaster compared say to York, Chester or Carlisle. This is especially true for the Roman and medieval periods and in particular on Castle Hill and the open green space leading down to St George's Quay. On Castle Hill, limited excavations between the 1920s and 1970s revealed only tantalising glimpses of three successive Roman forts and associated structures, whereas the area behind St George's Quay had never been excavated.

A pre-Conquest monastery is known to have occupied Castle Hill and, while the medieval period is represented by the Castle itself and the Priory Church, there undoubtedly were other early and late medieval buildings in the vicinity.

Given its significance, it is surprising that the site has seen so little archaeological enquiry in the last forty years. This has now begun to be addressed.

Between 2014 and 2016, the *Beyond the Castle* project has enabled archaeological investigations of the area, making use for the first time of new digital technologies to survey and excavate the remains and experimenting with innovative ways of working to engage local people and visitors.

Topographical and geophysical surveys have started to reveal the site's complex pattern of earthworks and buried remains, while the potential for significant discoveries has been realised in three trial excavations.

To date, Lancashire County Council has led the *Beyond the Castle* project, with support from Lancaster City Council and funding from the Heritage Lottery Fund, Lancaster University, Lancashire County Council, Lancashire Environment Fund, Coastal Communities Fund and Post Code Lottery Trust.



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## 4 Appraisal of Previous Archaeological Work

### 4.1 Background

The summit of Castle Hill is occupied by the Castle itself, owned by the Duchy of Lancaster, and the Priory Church and churchyard, owned by the Church of England.

The open green space leading down to the Quay is owned in the main by the City Council and is divided into three distinct, roughly triangular parcels of land separated by tarmac paths and woodland: (a) Vicarage Fields West, (b) Vicarage Fields East (or Bathhouse Field) and (c) Quay Meadow.

The first archaeological excavations took place in the 1920s in Vicarage Field West and explored the Roman fort earthworks and some internal structures of Roman and medieval date. The discoveries, however, proved difficult to interpret.

Further investigations in the 1950s and 1960s by the eminent archaeologist Professor Sir Ian Richmond focused on the adjacent Vicarage Field East and uncovered the remains of a large Roman courtyard building, as well as other Roman structures and ditches. Sadly, Sir Ian died shortly after his last visit to Lancaster and his excavations were never fully published.

In the 1970s, the construction of Mitre House provided a new impetus for further exploration in both Vicarage Field West and East. This work established the locations of, and a chronology for, the successive Roman forts, and exposed the suite of Roman baths that can be seen today enclosed by railings behind Mitre House, but the circumstances for proper excavation were far from ideal in some cases. It was not until 2014, with the advent of the *Beyond the Castle* project, that a coherent strategy for new archaeological investigation began to emerge.

### 4.2 Documentary Evidence

Professor Sir Ian Richmond (1902-65) began excavating on the northern slope of Castle Hill in 1950 while at King's College Durham (now Newcastle University). He resumed his work after moving to Oxford with subsequent seasons of fieldwork in 1958 and 1965. He wrote up the 1950 excavation but his final season in 1965, which was intended to resolve questions posed by his earlier work in 1958, remain unpublished at the time of his death. However, Sir Ian's archive of notebooks, drawings and photographs relating to his work at Lancaster was deposited in the Sackler Library, Oxford and the *Beyond the Castle* project has been able to make copies of all the relevant material. Further notes and photographs were subsequently donated to the project by Alan Wilkins who assisted Sir Ian during the 1958 season. The *Beyond the Castle* project also photographed the finds from Sir Ian's 1950 season stored in Lancaster City Museum. Those from the 1958 season await photography. The finds from 1965, however, could not be located either in Lancaster or Oxford.

All relevant historic maps, earlier excavation plans, spot find and interpretative data from Lancaster's Urban Archaeological Database, LiDAR images, aerial photographs and various planning documents have been sourced and brought together at the same scale in the form of digital overlays. These overlays are intended to not only to contextualise and help interpret the results of the *Beyond the Castle* project, but will also inform future infrastructure works and research.

### 4.3 Topographical and Geophysical Surveys

Initial fieldwork in May 2014 resulted in the production of a close-contour map and digital terrain model of Vicarage Fields West and East, produced by Oxford Archaeology North. These areas were later re-surveyed in more detail in August 2015 and May 2016, and together were the first accurate topographical surveys undertaken of the earthworks and provided the basis for the subsequent geophysical surveys. The data were generated from numerous overlapping aerial photographs taken from a small drone. The survey revealed a variety of earthworks, mainly associated with the Roman fort and probably the medieval precinct wall of the Priory, but also later features including ridge-and-furrow plough marks and field boundaries.

Geophysical surveys were also commissioned from Oxford Archaeology North in May/June 2014. Again, this was the first time this kind of technology had been employed on any part of the site. Three different techniques were used: magnetometry (Vicarage Field West and East and Quay Meadow), resistivity (Vicarage Field West and East and a sample area in Quay Meadow), and ground penetrating radar (sample areas around the Castle and Priory Church).

Combined, the results of the geophysical surveys revealed a remarkably extensive, if bewildering, pattern of buried archaeological remains, but with the potential for significant discoveries. In 2017, more advanced geophysical surveys were carried out by the Lancaster Environment Centre at Lancaster University. Vicarage Field West was mapped using electromagnetic induction and transects across the area were surveyed using electrical resistivity tomography. Electromagnetic induction mapping and ground penetrating radar transects were also deployed on Quay Meadow.

### 4.4 Trial Excavations

Trial excavations in each of the three separate areas of the site were conducted in 2015 and 2016. These were designed to 'ground truth' the geophysics, establish the survival, nature and date of archaeological deposits and evaluate the potential for future archaeological exploration.

#### 4.4.1 Vicarage Field West

The resistivity survey clearly showed the right-angled corner of a substantial structure, almost certainly built of masonry, at the base of the earthworks of the Roman Fort. This strong geophysical anomaly gave rise to theories about the location of Lancaster's late Roman shore fort that invited testing through excavation. In May/June 2016, two trenches were opened across the anomaly, while a smaller trench to the south partly re-opened the ends of two earlier trenches dug in the late 1920s and early 1970s across the earlier Roman fort earthworks.

The excavations revealed promising evidence for the corner of the late Roman shore fort comprising 4m-wide walls of stone and clay construction, with metalled road surfaces either side, a stone-lined drain running through the thickness of the west wall and a stone-lined well partly within the thickness of the north wall. Two substantial post holes close to the rear of the north wall may have supported a timber staircase. Only the basal remains of the walls remained and there was evidence of systematic robbing. Dating material was lacking for the construction of the walls and associated features although a number of unstratified late Roman coins were found in the topsoil across the area.

In October 2016, further excavation across the north wall and in the area surrounding the well revealed evidence for two parallel V-shaped ditches cutting into the natural orange clay. These are of a form typical of the early Roman period and perhaps belonged to an annex or militarised zone between the Roman fort site on the hill and the probable location of a Roman port behind St Georges' Quay (see below).

Further investigation of the well provided evidence that the top 3-4 courses of the stone lining had been rebuilt in the Victorian period at the same time as a draw pipe had been sunk. (A late Victorian map shows a pump in this location.) Below the rebuild, the courses change in size and are set into the natural clay. This strongly suggests that the well is Roman in origin but its exact depth and relationship to the late Roman wall have yet to be determined due to the depth of Victorian disturbance.

#### 4.4.2 Vicarage Field East

Despite an examination of Professor Richmond's archive, it still remains impossible to reconstruct Sir Ian's thought process and interpretation from what survives, especially as he believed at the time he was excavating inside the Roman forts, rather than, as we now know, to the north of them.

In order to help understand what he found, one of Sir Ian's 1965 slot trenches that he dug across the line of a Roman ditch and a Roman building was re-examined. The exact position of the trench was identified from the close-contour topographic survey of the area. Sir Ian's archive and later published plans by others were at variance as to the trench's precise location and dimensions. The work was carried out in October 2015 to mark the 50th anniversary of Sir Ian's death.

No excavation of undisturbed deposits was attempted: the aim was simply to remove Sir Ian's backfill (examining this for any unstratified finds) and to record in detail the trench plan and sections. In the event no sections could be recorded as the surviving Roman deposits lay just below the turf and, as it transpired, Sir Ian had simply drawn a pre-excavation plan and chosen to excavate only one feature, confusingly not on his plan. The Roman ditch he did draw had not been excavated, rather its line was projected from a neighbouring trench. The Roman building he drew could not be seen. Instead evidence was found of three phases of Roman construction, and on different alignments, dating to the early and late Roman periods.

#### 4.4.3 Quay Meadow

There is no record of any archaeological investigations having been carried out in Quay Meadow in either the Historic Environment Record (HER) or the Urban Archaeological Database (UAD). This does not preclude the possibility of unofficial finds having been made and not reported. Remote sensing (including photogrammetry, GPR, Resistivity and Magnetometry) has revealed a complex pattern of buried remains in the area between Lancaster Castle and St Georges Quay, potentially dating to the Roman and medieval periods.

A number of enthusiastic local residents with an interest in archaeology had come together to discuss the new geophysical data as it emerged. They then formally constituted themselves as the Lancaster and District Heritage Group. The Quay Meadow excavation, directed by the *Beyond*

*the Castle* project and supported by *Dig Ventures*, was set up as a training dig for members of this Group and others and designed to ground truth the results of the Magnetometry.

Three trenches were opened over anomalies visible in the geophysics results (Figure 2). Two were placed over linear features (Trenches 1 and 3), and another was located over a structure that appeared to relate to the later quayside (Trench 2). Trench 1 contained a double wall and three postholes containing packing stones. One of the walls had a sizeable posthole cut into the middle, large enough to hold a substantial timber. The trench was abutted to the north by post-medieval dumping and clinker. A continuation of the wall along the same alignment outside the boundaries of the trench can be seen on the geophysics.

The structure in Trench 2 was characteristically Roman, as was the pottery that was found within its deposits. Trench 2 was placed in the area where the River Lune would have run in the Roman period, so a possible interpretation could be that this building was a waterfront warehouse located near a landing area or jetty. A substantial section of Roman road was found in Trench 3, of which the continuation can be seen on the geophysics plot running towards the east gate of the Roman fort. No road side ditches were found, which suggests that this was an ancillary road used to bring goods from the portside to the fort complex. Though this area lies beyond the boundary of the current scheduled area, it is entirely possible that these remains represent a highly significant military port or harbour facility, positioned NW of the contemporary fort and immediately downstream of the likely location of the Roman bridge. It has also been suggested that this could be the site of *Portus Setantiorum* (Port of the Setantii), one of three west coast ports recorded in the 2nd century *Geographia* of Ptolemy, though this level of documentary correspondence remains beyond the current evidence base.

Thus, one trench revealed a section through a substantial Roman, aisled building built of stone with a timber lean-to structure to one side. The present St George's Quay was built on reclaimed land in the eighteenth century. The position of the aisled building is close to the tree line and break in slope that mark the pre-18C river edge. This strongly suggests that the edge of the river in Roman times lay here and that the aisled building had, in all likelihood, a waterfront function as a warehouse or boathouse.

The construction trenches for the walls did not cut natural clay but earlier deposits so the building may prove to be late Roman. A further trench revealed another substantial Roman structure comprising a double wall with post holes. The third trench cut across another linear anomaly, this time the cambered remains (minus its metalled surface) of a Roman road heading up the slope towards the fort. There were no ditches to the sides of the road indicating it was probably an ancillary road within the suspected annex, or militarised zone, between the river and the fort.

After the excavation, further geophysical surveys were conducted in 2017. Electromagnetic induction mapping has produced evidence for a possible river inlet on the eastern side of Quay Meadow, whilst ground-penetrating radar transects across the suspected Roman riverfront indicate the presence of a possible retaining wall and hard standing. These results lend further weight to the idea of a Roman port or harbour in this area.

## 5 Roman Lancaster

All Roman forts with surviving archaeological potential are considered to be nationally important.

With several recognisable phases of construction, and closely associated vicus (with probable evidence for domestic buildings, residences, workshops, shops and temples, together with roads, trackways, enclosures and garden plots), the juxtaposition of fort and vicus, in addition to the capacity to determine temporal changes in the relationships between the two, makes the whole site highly significant, with the potential to contribute to national debates as well as local distinctiveness.

An initial appraisal of the new survey and excavation results, and a re-interrogation of previous published reports and unpublished archives and finds, is beginning to lead to the formulation of a revised timeline for early Roman, late Roman and post-Roman Lancaster.

This is proposed below, with the latest discoveries and ideas emerging as a direct consequence of the *Beyond the Castle* project marked in *Italics*. Inevitably these new theories will invite challenge as they reinterpret accepted opinion, but if some prove to be credible they offer a new dimension on the narrative of Roman Lancaster.

### 5.1 Early Roman

#### 5.1.1 Fort 1

A 1C turf-and-timber auxiliary fort was established on Castle Hill, very probably between AD71 and 74 as part of the Roman pacification of the north. The fort, of the conventional 'playing-card' shape, occupied about 2.25 hectares and was draped astride the crown of the hilltop taking full advantage of the natural sloping ground.

The defences included four gates and a series of towers mounted on the ramparts, the whole perimeter surrounded by ditches. Internal structures would have included a headquarters building, commandant's house, granaries, barrack blocks, stables and so on: in short, a typical Roman fort. The garrison was evidently a cavalry unit, the *Ala Augusta Gallorum Proculeiana*, comprising a substantial number of horsemen recruited from the tribe of the Treveri who lived around Trier in modern Germany. The horse and rider or 'Reiter' memorial stone to Insus, found in 2005, was from this unit and is now a prize exhibit in the City Museum.

#### 5.1.2 Bridge and Vicus

A ford or timber bridge over the river was probably located north of the fort's north gate or possibly further east. No remains have been found. In all likelihood, a small vicus grew up outside the fort's east gate.

#### 5.1.3 Fort 2

Following the 1C development there appears to have been a short period of abandonment which may have coincided with Roman military policy to develop the Stanegate Road (close to what was later to become Hadrian's Wall) as the northern frontier of the province.

The fort was reoccupied very early in 2C and an inscription found beneath the priory church and dated to about AD 102 records building work here. The enlarged late 1C fort formed the basis for the reoccupation, and a stone revetment wall almost 2m thick was added to the front of the clay-and-turf rampart with at least one new ditch with a timber palisade on the inner lip of the ditch being located outside the wall.

Thus, a substantial late 1C/early 2C auxiliary fort was built over the site of Fort 1. This later fort appears to have been square in shape, occupying about 4 hectares and was one of the biggest of its kind in Roman Britain. Initially of turf-and-timber, it was subsequently rebuilt in stone after a short period of abandonment. It probably had a similar layout to Fort 1 but was perhaps re-orientated through 90 degrees, including many more barracks and stables and even a *basilica equestris exercitatoria* or cavalry training hall. In the second and third centuries the garrison was evidently another Gallic cavalry unit, the *Ala Gallorum Sebosiana*. Because of the large size of the fort, it could have held a double garrison – the *Ala* with perhaps a naval unit of bargemen, the *Numerus Barcariorum*.

#### 5.1.4 Military Bathhouse

A multi-phase, stone-built military bathhouse stood outside the eastern rampart to the north of the east gate (parts were discovered during the construction of Mitre House).

#### 5.1.5 Bridge and Militarised Zone

The bridge is likely to have been built in stone and *a militarised zone probably lay outside the fort to the north and west, perhaps undefended but demarcated by ditches*. The area between the fort and the river/bridge appears to have been occupied by an increasing number of buildings, mostly of timber, but also possibly including a shrine or holy well.

#### 5.1.6 Courtyard Building (with baths)

On the eastern edge of this militarised zone was a substantial stone courtyard building containing a suite of baths. Approached through an impressive entrance flanked by columns, the courtyard building was probably built in the third century but on a different alignment to the fort defences. This grand and unusual structure was sited close to the edge of the slope overlooking the river/bridge and very close to fort's north-west corner, yet it appears essentially civilian in character, although Professor Sir Ian Richmond (the original excavator), thought it was the commandant's house inside the fort. What was its function and relationship to the fort? *Given its location in a militarised zone and away from the vicus further east, it is tempting to see this as a quasi-military building, perhaps a mansio or official inn for use by visiting senior military or civilian personnel, the residence of an important regional official (a tax collector has been suggested), or even the retirement home of a previous commander.*

#### 5.1.7 Military Port or Harbour

*Survey and excavations on Quay Meadow suggest that a military port or harbour was developed on the river frontage to the north west of the fort and downstream from the bridge, behind what is now St George's Quay. This may be the site of Portus Setantiorum (Port of the Setantii), one of only three ports on the west coast of Britain recorded in the Geographia of Ptolemy published in*

*the second century. The precise location of Portus Setantiorum has never been found and has been the subject of some debate. According to Ptolemy, the port lay between the mouth of the river Ribble and Morecambe Bay, probably slightly inland from the coastal strip between Fleetwood and Lancaster. Lancaster, at the head of the sheltered Lune estuary, must be a strong contender.*

### **5.1.8 Vicus and Cemetery**

The vicus continued to develop along what are now Church Street, Cheapside and Penny Street. Its full extent and course of its development are unknown but excavations off Church Street have revealed evidence for multi-phase timber and stone buildings.

The principal Roman cemetery lay to the south of the vicus around the southern ends of what are now Penny Street and King Street. There is some evidence that the cemetery expanded northwards suggesting it was initially well beyond the accepted edge of the civilian settlement, and certainly at some distance from the fort.

## **5.2 Late Roman**

Coin-loss evidence suggests that the fort was abandoned and reoccupied several times from the mid-second through the mid-third century, when a building inscription indicates that the fort was again in use and occupied by a cavalry garrison, the Ala Sebosiana. An altar found a short distance up the Lune valley in the late 18th century suggests that a Numerus Barcariorum or 'unit of boatmen' may also have formed part of the garrison at this time (Watkin 1883; Shotter 1973).

### **5.2.1 Fort 3**

*A very large 4C shore fort was built in stone over the site of Forts 1 and 2, almost certainly re-using much of stonework from Fort 2. Based on the geophysical surveys and excavation in Vicarage Field West, this is now suspected to be square in shape with 4m-thick walls and projecting towers and occupying an area in excess of 4 hectares. The fort's internal arrangements are unknown. The garrison (probably the sole garrison) at this period was the Numerus Barcariorum.*

Lancaster, it seems, was part of a chain of late Roman shore forts built around the coast of Britain (and in northern France/Belgium). Initially these forts were sited along the east coast of Britain and on both sides of the Channel, and formed the *Litus Saxonicum* (or 'Saxon' Shore) from the late third century (Portchester in Hampshire is probably the best-preserved example).

During the 4C, this defensive chain was extended to the west coast of Britain, forming a hypothetical *Litus Hibernicum*. Lancaster, together with Cardiff and the much smaller Caer Gybi (Holyhead), appear to be part of this later system. *Lancaster's Fort 3 corresponds very closely to the shore fort at Cardiff.*

Saxon Shore Forts are one of a small group of Roman military monuments which are important in representing army strategy and government policy. They are of particular significance to an understanding of the period and all examples are considered to be of national importance.

The Lancaster example is likely to offer the potential to recover well stratified river-frontage deposits, contributing substantially to national debates and local distinctiveness.

Roman Lancaster's most durable monument, the so-called Wery Wall built over the site of the courtyard building's baths, has been long thought to represent the remnants of a possible projecting tower associated with the north wall of a late Roman shore fort. The accepted consensus of opinion until now has been that this shore fort was of irregular shape, smaller than, and built on a different alignment to, Fort 2, and orientated perhaps to protect a port or harbour to the east.

*A review of the published evidence casts doubt on the postulated alignments of this north wall and that of its southern counterpart. Topographically and militarily these supposed walls make no sense as they ignore the natural contours of the hilltop cutting diagonally across the line of the slope. Their eastward extension as far as the river would have caused an unreasonably large area of the vicus to have been levelled. They leave no trace in the landscape and have no effect on later property boundaries (unlike the earlier forts and vicus) and are absent from cartographic and other pictorial sources (again unlike the earlier forts). Moreover, early written accounts of the Wery Wall, particularly in the seventeenth and eighteenth centuries when a greater part of it survived, describe the remains as having supposedly taken in the whole circuit of the hilltop and later served as a boundary to the north of and below the Priory Church. These descriptions do not fit well with an irregular and smaller plan. Furthermore, it is now thought that the port or harbour lay to the north west of the fort, sensibly downstream of the bridge, rather than to the east, which makes the plan even less plausible.*

*It is much more likely that Fort 3 simply reclaimed the site and shape of Fort 2 (albeit on a slightly expanded scale). This, however, leaves the question of explaining the surviving remnant of the Wery Wall and its position in relation to the proposed new configuration of the late Roman shore fort.*

### **5.2.2 Military Port or Harbour**

*It appears that the earlier military port or harbour and adjacent militarised zone were expanded as an installation and/or supply base for the late Roman navy/army. As well as the presence of the Numerus Barcariorum naval unit in the fourth century, there is now new evidence for substantial stone buildings close to the riverfront, and set back from it, which are likely to be warehousing or possibly connected with boat-building or repair. There is also evidence for a road leading uphill from behind this area towards Fort 3 and for further late Roman structures immediately north of the shore fort.*

A late Roman port or harbour at Lancaster has been identified, by some authorities, with the site of *Olenacum*, recorded in the *Notitia Dignitatum* which lists units in the Roman army and officials as they existed around the start of the fifth century. If so, then another cavalry unit, the *Ala Herculea*, must have been in garrison in the 4C. This identification, however, is now thought to be incorrect.

### **5.3 Post-Roman**

Little is known of the history of the fort and vicus after the withdrawal of Roman forces from Britain around 410 or so until the founding of a Benedictine priory in the late 11th century – a period of some 800 years.



A number of fragments of early Christian carved stone crosses found beneath the priory church offers clear evidence of Christianity on the site and this, taken with the discovery of numerous early 9C coins from the priory's immediate environs, has led to the belief that here stood one of the numerous unnamed monasteries founded under St Wilfred between the seventh and ninth centuries. Documentary sources indicate that Lancaster Priory was founded in 1094 by Roger, Earl of Poitou, who bestowed upon the Benedictine Abbey of St Martin of Seez in Normandy the Church of St Mary of Lancaster.

The priory stood on the same site as its present-day successor but little above-ground fabric is left of the original structure due to major rebuilding work, particularly during the 15th and early 20th centuries. Buried remains, however, survive well as indicated in 1911 when re-flooring of the present chancel revealed Roman walls and the apsidal presbytery of the Norman priory church. Remains of the domestic buildings associated with the priory have not yet been located but they are expected to lie to the north of the priory in the space now occupied by the King's Own Memorial Chapel and the garden of the vicarage.

There is documentary evidence that the priory had its own precinct with a wall and gatehouse. Leland, writing in the early 16th century, mentions ruined walls of the suppressed priory being visible, and in 1928 limited excavation towards the west of Vicarage Field next to Vicarage Lane found the well-preserved remains of a room or turret. A map dated 1610 depicts a gatehouse-like building in this vicinity and this evidence, taken with the results of examination of one of a series of nearby linear earthworks in 1971 which appears to be the remains of the precinct wall or bank revetted with stone, suggests that the priory had a precinct wall and gatehouse controlling an access route from the medieval bridge across the River Lune to the north. During the 15th century the status of the priory changed gradually from a monastery to that of a parish church.

### **5.3.1 Pre-Conquest Monastery and Priory Precinct**

Vicarage Fields West displays a well-preserved but confusing set of earthworks. Some are very likely to be early Roman relating to various ditch systems associated with the western defences of Forts 1 and 2; others appear to be post-Roman, forming a slightly obtuse corner close to an embanked track leading down the slope towards the river.

*It is now thought that the north-west corners of Forts 1 and 2 lie within these earthworks; whilst the corner of Fort 3 (the suspected late Roman shore fort) lies partly outside the supposed early Roman ditches to the west and under the later earthworks to the north. The later earthworks may relate to the unnamed pre-Conquest monastic settlement thought to have occupied site of the Priory Church at some date between the seventh and ninth centuries. Alternatively, and probably more likely, they post-date the Norman invasion and are associated with remodelling of the landscape to create the Priory's precinct wall.*

### **5.3.2 The Origins of the Castle**

*The presence of a large square late Roman shore fort occupying virtually the whole of Castle Hill is an intriguing hypothesis and it may also help to explain not only the location of the pre-Conquest monastery but also origins of Lancaster Castle. Lancaster's first castle, built in the late eleventh century, was almost certainly of earth-and-timber construction. The Normans sought*

*strategic locations on which to erect and fortify their castles. Better still if they could simply take advantage of pre-existing defences and thereby appropriate traditional places of power. Lancaster offered both a strategic hilltop and, if the theory holds, the extant remains of a square wall circuit of the late Roman shore fort. It was here then that Lancaster's first castle was built; a situation mirrored again at Cardiff and Portchester where medieval castles still survive within the walls of their square shore forts. At Cardiff and Portchester, however, the late Roman walls were retained as outer defences throughout the medieval period. At Lancaster, it appears that an outer defence was deemed unnecessary, perhaps because of the hilltop location. Once the decision was made to rebuild the castle in stone in the early twelfth century, presumably on or very close to the site of its earth-and-timber predecessor, the Roman walls would have provided a ready source of material and were consequently systematically dismantled.*

Though less prevalent within the Study Area, any surviving evidence of the pre-conquest monastery is rare, and considered to significant. Questions remain over the dating of the current earthworks, and extent to which these were reworked in the Post-Roman or Medieval period (also recognisable as ridge and furrow). At the very least, the group value presented by this evidence makes a significant contribution to local distinctiveness – but perhaps less significant as individual elements. Should further excavated data come to light, a broader understanding of this period would reposition the Site as highly significant for this period of history.

The priory stood on the same site as its present-day successor but little above-ground fabric is left of the original structure due to major rebuilding work, particularly during the 15th and early 20th centuries. Buried remains, however, survive well as indicated in 1911 when re-flooring of the present chancel revealed Roman walls and the apsidal presbytery of the Norman priory church. Remains of the domestic buildings associated with the priory have not yet been located but they are expected to lie to the north of the priory in the space now occupied by the King's Own Memorial Chapel and the garden of the vicarage.

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A map dated 1610 depicts a gatehouse-like building in this vicinity and this evidence, taken with the results of examination of one of a series of nearby linear earthworks in 1971 which appears to be the remains of the precinct wall or bank revetted with stone, suggests that the priory had a precinct wall and gatehouse controlling an access route from the medieval bridge across the River Lune to the north.

During the 15th century the status of the priory changed gradually from a monastery to that of a parish church.

## 6 The Challenge of Reinterpreting Roman Lancaster

It will take time to unravel and interpret the complex archaeology, but already significant new discoveries and ideas are emerging. As well as adding to the sum of knowledge about Roman Lancaster, these latest theories are prompting some reinterpretations of previously held views.

They will also invite challenge and further questions – and there is much to resolve.

The size of the vicus appears to have been relatively small compared to the area occupied by the successive forts, militarised zone and port or harbour. Very few stone buildings have been identified as civilian in character as opposed to those with a military or quasi-military function. The basic simplicity of the cemetery and paucity of grave goods perhaps indicate a low-status civilian population.

It would seem therefore that Roman Lancaster was fundamentally a military concern rather than civilian. To judge by the longevity of Roman occupation (1C to 5C), the unusually large size of Forts 2 and 3, and the emerging evidence for a strong maritime role, Lancaster probably had a wider, regional significance to the Romans, certainly by the late Roman period if not before.

In essence, Lancaster appears to have been a garrison town and base for naval operations and supply – the Roman equivalent of say modern-day Catterick or Devonport – and presumably a very important command position between Chester and Hadrian's Wall.

The Reiter memorial stone to Insus of the *Ala Augusta* is one of the most striking of its type in Roman Britain. Although found in the vicus cemetery this is not thought to have been its original placement. This poses the question: Given the size and permanence of the garrisons at Lancaster, where was the military cemetery? Presumably closer to the site of the forts, and possibly to the south west? Perhaps the burials recorded during the construction of Westfield Memorial Village on West Road are an indicator of the military cemetery's location? Also, given that the garrisons were almost exclusively cavalry, there must have been open land for parades, manoeuvres and grazing. Where was this? Presumably on the flatter ground to the west in the Giant Axe area?

It is well known that Lancaster flourished as a trading port in the medieval and post-medieval periods. There is now growing evidence to indicate that this maritime function stretched back to Roman times and that Roman troops, visiting officials and supplies were just as likely to arrive in Lancaster by sea as by road.

If the identification with the location of *Portus Setantiorum* is correct, then the port or harbour facilities must have been of a substantial size by 2C to be mentioned by the geographer Ptolemy. The presence by 4C, if not before, of the *Numerus Barcariorum* unit of bargemen (in effect, marines), and the construction of the late Roman shore fort, are also indicative of the growing importance of coastal defence and maritime communication. Both presuppose the existence of a naval installation of some significance, with perhaps berthing facilities for warships (triremes) as well as the fast, shallow-draft sailing vessels favoured by the bargemen.

If, as now seems evident, the port lay to the north west of the fort (in the area of Quay Meadow), where were the harbour works? Under St George's Quay or Luneside East? Or perhaps further downstream concealed by the changing shoals of the Lune estuary?

## 7 Public Recognition and Interest

In an era of localism and distinctiveness it is essential for newly devolved city-regions to attract *both people and inward investment*.

Heritage is fundamental to the forging of local identity and conversations about a place's future, within which archaeology is one of the most tangible and visible activities that can offer involvement in this process.

As one of just thirteen places designated as 'Heritage Cities' by Visit England, Lancaster has a huge opportunity to utilise its archaeological potential for community cohesion, social outcomes and economic dividends.

There is no doubt that the site in question has played a fundamentally pivotal role in the historic development of the city and is central to Lancaster's identity, tourism offer and position as a 'Heritage City'.

Despite this, this history is poorly understood and archaeologically under-utilised as a tourism asset and focus for community engagement. Recent archaeological investigation has brought significant new evidence to light which cries out for further examination.

Initiatives such as the *Beyond the Castle* project have engaged in extensive programmes of community mobilisation, staging events and exhibitions, developing new narratives and publishing digital archives and videos that reach out to national and international audiences by growing an online community through social media, supporting citizen-led interest groups and using crowdfunding to enable new work.

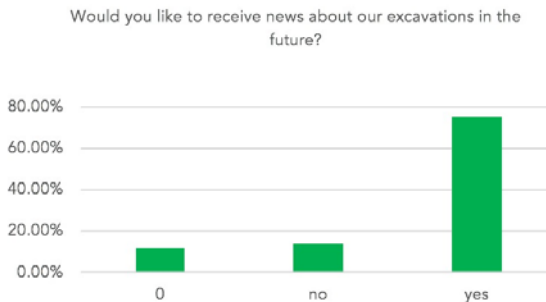
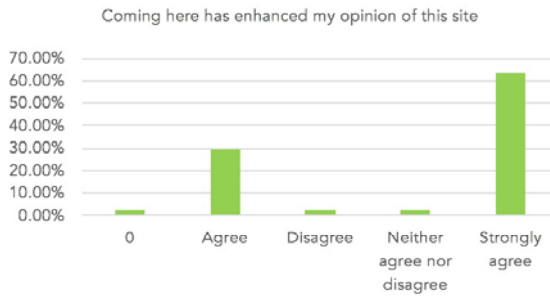
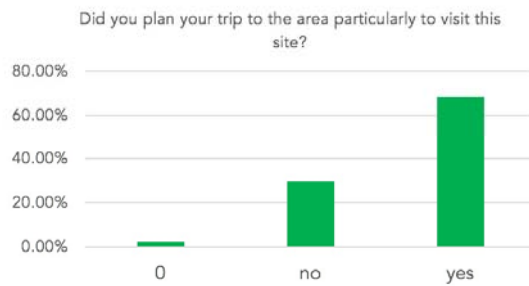
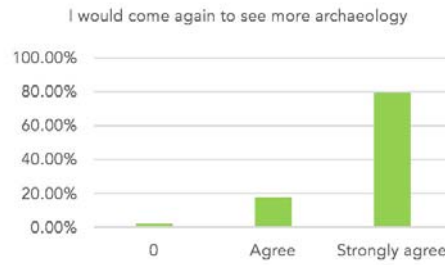
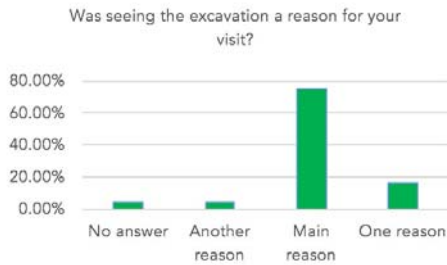
From the outset, this was a project that deeply engaged local people and sought to communicate with them in real time, bringing together professional archaeologists and the public, sharing data at regular meetings and events, inviting participation in a range of activities and specifically providing training in archaeological excavation and other techniques. This work has resulted in a growing community invested in the site and made the process of archaeological discovery something anyone can participate in.

### 7.1 Research with the Public

To investigate the level of interest in developing the archaeological offer at the Site, DigVentures undertook an audience evaluation survey as part of the *Beyond the Castle* fieldwork on the site in September 2015. Everyone who visited the excavations on the open weekend was presented with a paper questionnaire, of which 20% of attendees responded. The results demonstrate huge potential for future community-based archaeological activity: 75% of the people who completed the questionnaire were drawn from the LA postcodes, and a significant 61% of these people had never previously visited the site. This indicates that people who live locally are not engaged with their own heritage resource, and presents a clear opportunity to mobilise this latent interest. Further important results are highlighted diagrammatically below:

There are several challenges for future archaeological works at the site. Foremost among these is the lack of a formal Archaeological Research Framework that sets out goals, methods and deliverables, linked to local economic regeneration as well as wider national and international research agendas. The first step in developing this framework must be a formal publication of

the results of all archaeological excavations on the site (both former and recent), which to date has not been completed. Additionally, there is no central repository or catalogue of accessioned archives and recovered material.



Source: DigVentures 2015

## 8 Ways forward

### 8.1 General Principles

It is clear that the site as a whole is archaeologically immensely rich, certainly at national standards, and almost certainly of international significance in terms of the late Roman material. Further, professionally-led archaeological work will, without doubt, expose remains of considerable worth.

The City needs to respond to these observations in a highly positive way by consulting with all relevant authorities, academics and so on to ensure that the site's unique, and unexplored, resources are (a) exposed properly, (b) conserved and written-up properly and (c) maintained as far as possible in situ for the benefit of both locals and tourists alike. In addition, the crucial and organic relationship with the site and the City needs to be embedded in any future interpretation and promotion of the City itself.

Recent work has shown the regenerative value of improved environmental management of the site, and the accompanying benefits of reducing antisocial use of the area and engaging local volunteers in this process. The work has removed invasive species, enhanced accessibility to the site and is gradually resulting in greater diversity in both human and wildlife use.

Whilst the site can offer much, it is also both fragile and vulnerable: vulnerable to night hawkers; fragile to neglect.

For example transitional arrangements for ongoing environmental management and maintenance to an agreed programme and budget need to be considered. In particular there are a number of discrete issues that need to be addressed in Vicarage Field East where the condition of the Wery Wall, Roman bathhouse walls and adjacent boundary walls are causes for concern.

These can be alleviated by the removal (under archaeological supervision) of some trees and vegetation and the old spoil heap from the 1970s bathhouse excavation. A major worry is the state of the northern boundary wall which is collapsing below the tree line and is in danger of exposing the remains of the Roman fort walls and earthworks at this point and therefore threatening irreversible damage to the scheduled ancient monument. This needs urgent action in collaboration with the adjacent landowner.

In particular, discussions are in train about the idea of some form of local designation and/or extension of the scheduled ancient monument boundaries to protect archaeologically sensitive parts of the site currently outside the present Historic England or local planning controls (Quay Meadow, Luneside East, Hillside, Giant Axe, Westfield Memorial Village, etc). An outline plan should be produced, taking into account the new evidence and emerging theories resulting from the Beyond the Castle project, and formally adopted to ensure an appropriate archaeological response is triggered by any future development proposals affecting the wider site.

As stated earlier, before any long-term programme of invasive archaeological investigation is progressed, an archaeological research framework and agenda for the site need to be developed and approved in order to guide future surveys and excavations and secure the necessary funding.

Research questions, like those posed above about the military cemetery and cavalry parade ground, or to test theories about the location of the late Roman shore fort leading to a previously

undiscovered Roman port or harbour, should be designed to significantly advance understanding. The framework and agenda should be embedded in the City Council's masterplan and other strategies as required.

As well as responding to agreed research questions, all requests for future archaeological surveys and excavations should be set out in a written scheme of investigation and undertaken in compliance to all necessary consents and permits.

## **8.2 Advisory Group**

Stakeholder relationships for the archaeology of the Site should be formalised through an Advisory Group, chaired by Lancaster City Council and including members from the economic regeneration team as well as relevant consultants, professional archaeologists, subject area experts, academic contributors, funding bodies (eg HLF), and the local community. The remit of this group should include building a credible business case to justify multi-year archaeological investigations, to be anchored by a five-year Archaeological Framework and Agenda.

## **8.3 Partnerships**

Partnerships with academic research institutions should be sought which can link the archaeological work to wider agendas and research questions, establish Lancaster's research profile and relevance on an international scale, and gain the buy-in from Historic England necessary for multi-year projects on Scheduled Ancient Monuments. Relationships with local universities and colleges that have strengths outside of archaeology, such as engineering, surveying or marketing, should also be built and leveraged for future projects. Universities are now actively seeking such partnerships in order to provide work opportunities for their students, as well as demonstrate 'impact' under the Research Excellence Framework rankings. It is worth considering that an established partnership with a local Higher Education provider could potentially lead to the opportunity of offering courses accredited on the ECTS grading scale, enabling participants to contribute course credits to the award of a university degree.

## **8.4 Research Framework**

The immediate next step for the archaeological management of the Site should be the development of a five-year Archaeological Research Framework, to include a plan for excavations, comprehensive site interpretation and formal publication. Lancaster City Council should assert ownership of all archives from the site and require that this data is properly evaluated before any further interventions are approved.

All future excavation work will need to be underpinned by this site-specific research agenda, articulating the aims, objectives and strategies required to increase our understanding of the character of the site. The overarching aim should be to develop an extensive evidence base in order to ensure that the site can be appropriately managed and presented. This will be supported by the business case developed by the Advisory Group, articulating priorities such as developing wider understanding of the value of the historic environment; enhancing lifelong learning; encouraging support and enthusiasm for all aspects of heritage whilst contributing to quality of life.

With a potential shortfall in skilled archaeologists threatening the timely delivery of enabling works for HS2, vocational skills training for archaeology has become a major topic of concern. As part of the Archaeological Research Framework, a well-designed field skills curriculum could be a major selling point of any project at the Site, which could potentially become one of the few sites in the UK accredited by the Chartered Institute of Archaeologists to deliver NVQ-level training. Field training should be designed explicitly in line with National Occupational Standards (NOS), with participants encouraged to log their progress in a 'Skills Passport' with the potential to build this towards a CfA-accredited professional portfolio.

## **8.5 Community and digital engagement**

Of equal importance to the archaeological aims and objectives, the Archaeological Research Agenda should be designed to engage the local community in their heritage, building skills capacity in order to contribute to the long-term sustainability of the site. Examples such as DigVentures' work in Morecambe ([digventures.com/barrowed-time](http://digventures.com/barrowed-time)) show how this can be achieved by developing a digital approach alongside physical heritage assets, building awareness online (digital) which then converts into offline (physical) visitors. A well-conceived digital strategy including frequent publishing of blogs, photos, videos, and 3D models fresh from the trenches, will invite external communities (and those not usually engaged with archaeology) to take an active role. With the potential to engage a new local and global audience, this can result in a participatory reach that stretches far outside the narrow audience traditionally perceived as the beneficiaries of archaeology projects.

## **8.6 Crowdfunding**

Participatory citizen involvement in heritage cannot emerge organically. It needs to be nurtured. This can be done by investing in staff who are tasked with maintaining communications through various media, by running events, sharing data, and building strong profiles at the centre of social networks. Lancaster City Council can play a central role in providing the platform to build this community around archaeology projects, and then converting it into financial support through the use of crowdfunding to support specific goals. A strong Archaeological Research Framework will present several opportunities for bespoke crowdfunding campaigns designed to grow the community, activate and demonstrate their engagement with the heritage offer, and assist LCC with some level of financial efficiencies.

## **8.7 Community Excavation**

To maintain momentum during the process of establishing the Advisory Group and Archaeological Research Framework, a small community excavation programme for 2017 could be undertaken to address clear anomalies in the geophysics results for Quay Meadow. This should be viewed as an outreach and research activity contributing to the overarching Archaeological Research Framework, and bound by the same priorities and standards. Lancaster City Council should lead on this activity and maintain ownership of all archaeological results, marketing, and community engagement activities.



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## 9 Summary

As set out in this document, and in P+P's report on the museums service as a whole in February this year, there is huge scope in both the short and medium terms to enhance the heritage value of the site (and with it, the City), to facilitate better public access, appeal to a variety of potential audiences and users, to develop new commercial opportunities and to contribute to the wider visitor economy; all of which are central to the City's plans for its future.

There is absolutely no doubt that archaeological digs attract people: as volunteers, as general visitors and as future enthusiasts and advocates. DigVentures, as a vibrant, successful commercial enterprise, exists to exploit this potential.

In context, P+P has recommended a radical approach for the future of the museums service in Lancaster District. If this approach is followed, for a number of years the primary, physical embodiment of service will, effectively, cease to exist until the Collections Centre is built and the City Museum re-opens.

All the more needed, therefore, is the on-going exposure of Lancaster's heritage by way of work on Vicarage Fields/Quay Meadow and so on until such times as the City Museum reopens.

There can be no better investment in time (and money) than working on Vicarage Fields/Quay Meadow and its environs in parallel with the, essentially, behind-the-scenes work on the Collections Centre and the City Museum.

There is also a ready-made location for the 'on-site museum' in the basement of the Customs House on St George's Quay, from which all manner of interpretive methods can emanate.

It is not within the remit of this study to recommend methods of consolidation, conservation, preservation and interpretation of the expected finds from any invasive archaeological intervention. These are quite properly left for later stages in the project, save to note that such work is expensive, often of long duration and will require adequate funding to ensure a satisfactory outcome.

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# 11 Supporting Illustrations

Figure 1

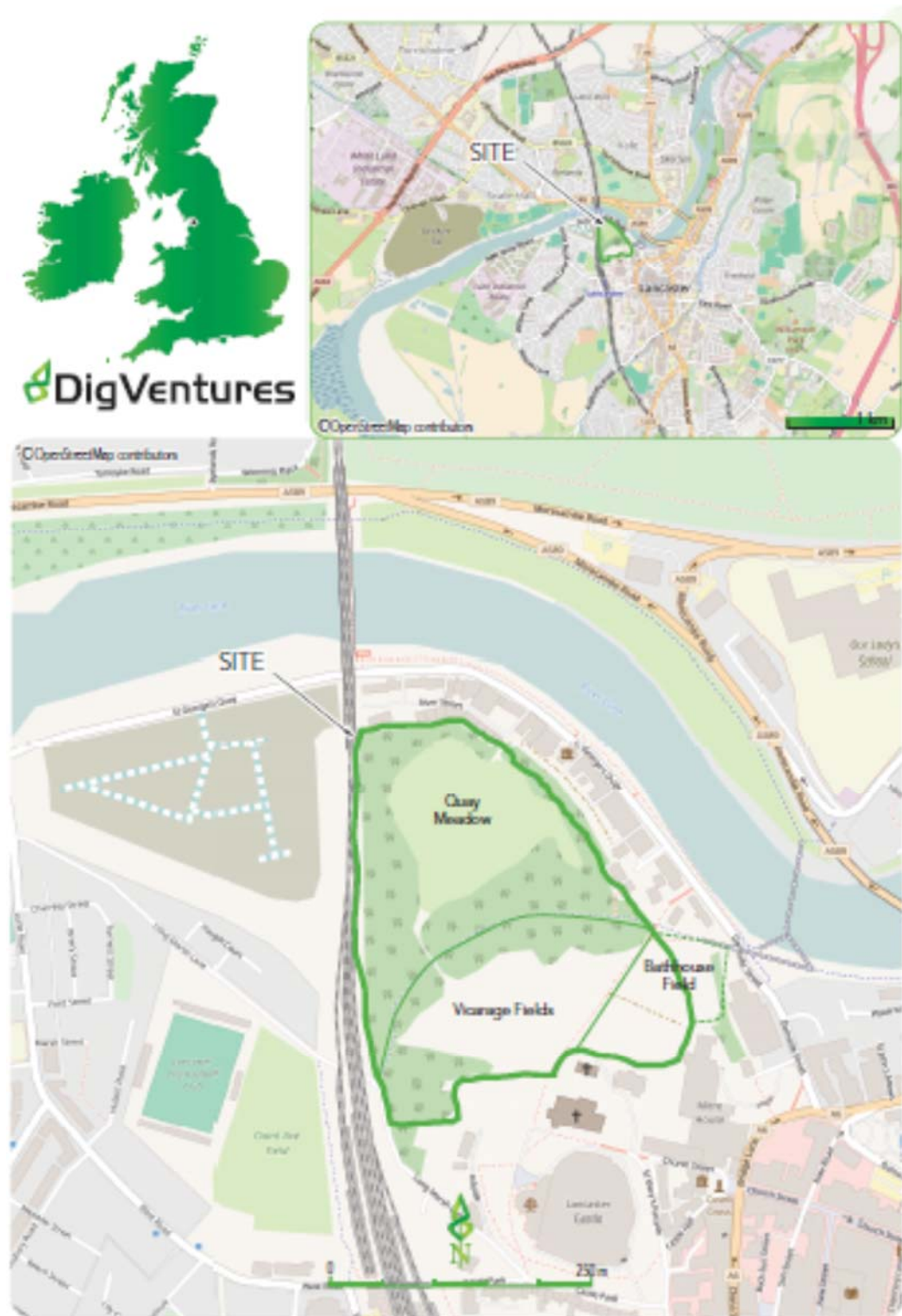
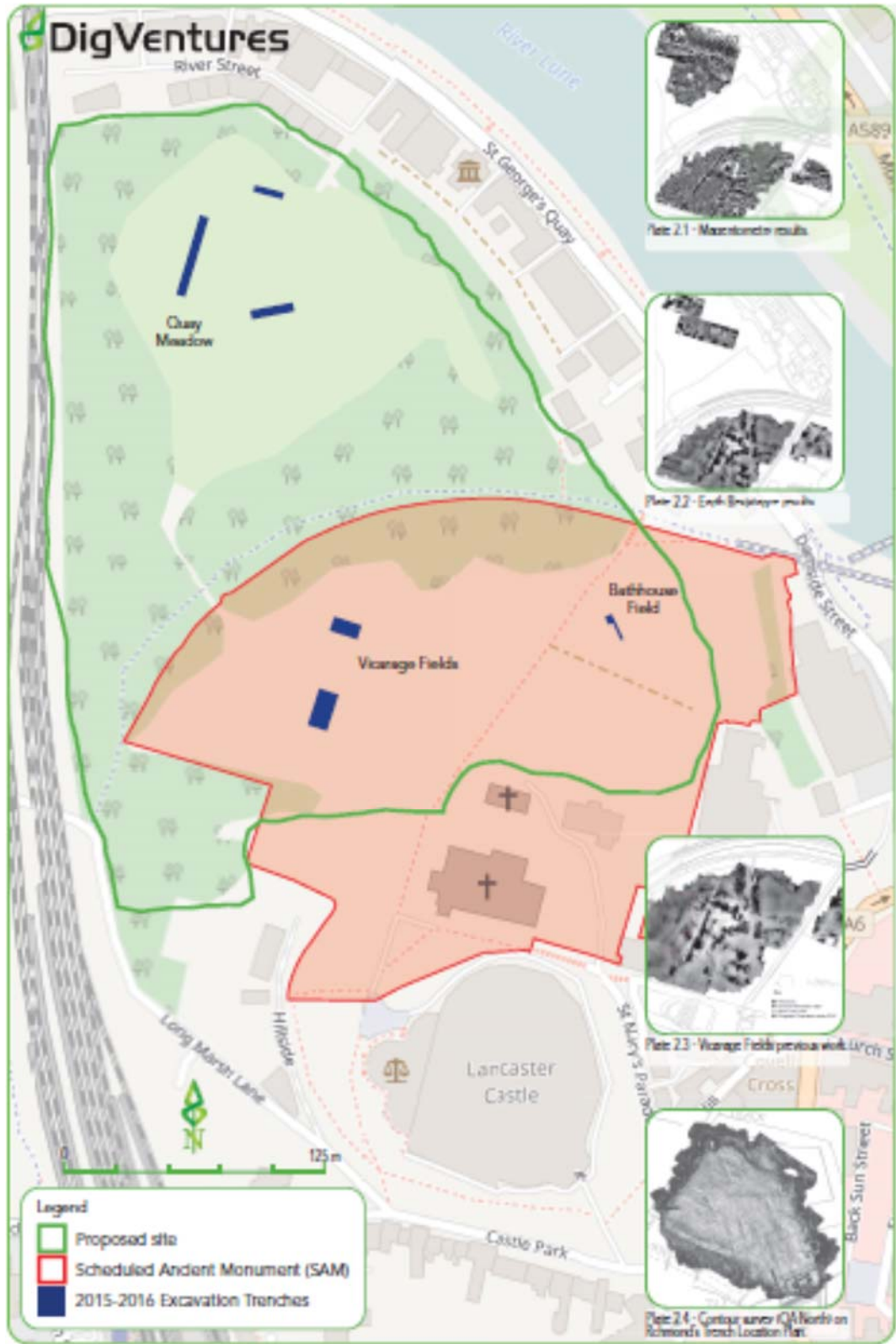


Figure 2



# Equality Impact Assessment

This **online** equality impact assessment should:

An equality impact assessment should take place when considering doing something in a new way. Please submit your completed EIA as an appendix to your committee report. Please remember that this will be a public document – do not use jargon or abbreviations.

**Service**

**Title of policy, service, function, project or strategy**

**Type of policy, service, function, project or strategy:** Existing  New/Proposed

**Lead Officer**

**People involved with completing the EIA**

## Step 1.1: Make sure you have clear aims and objectives

Q1. What is the aim of your policy, service, function, project or strategy?

Q2.

Who is intended to benefit? Who will it have a detrimental effect on and how?

## Step 1.2: Collecting your information

Q3. Using existing data (if available) and thinking about each group below, does, or could, the policy, service, function, project or strategy have a negative impact on the groups below?

Group	Negative	Positive/No Impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Faith, religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender including marriage, pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation including civic partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups such as carers, areas of deprivation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rural communities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## Step 1.3 – Is there a need to consult!

## Equality Impact Assessment

Q4. Who have you consulted with? If you haven't consulted yet please list who you are going to consult with? Please give examples of how you have or are going to consult with specific groups of communities

The work completed to date has been subject to extensive consultation and it is not thought that further consultation is necessary at this stage. An element of the previous work was taken forward in partnership with Lancaster University and explored novel and innovation consultation and community engagement techniques.

### Step 1.4 – Assessing the impact

Q5. Using the existing data and the assessment in questions 3 what does it tell you, is there an impact on some groups in the community?

**Age:** Local and Roman history has a wide appeal to all ages. The production of a leaflet or booklet detailing the findings will need to be accessible and have broad appeal.

**Disability:** Leaflet, booklet and web based media will meet council guidelines for accessibility.

**Faith, Religion or Belief:** Click here to enter text.

**Gender including Marriage, Pregnancy and Maternity:** Click here to enter text.

**Gender Reassignment:** Click here to enter text.

**Race:** Click here to enter text.

**Sexual Orientation including Civic Partnership:** Click here to enter text.

**Rural Communities:** Click here to enter text.

### Step 1.5 – What are the differences?

Q6. If you are either directly or indirectly discriminating, how are you going to change this or mitigate the negative impact?

N/A

Q7. Do you need any more information/evidence eg statistic, consultation. If so how do you plan to address this?

No

### Step 1.6 – Make a recommendation based on steps 1.1 to 1.5

Q8. If you are in a position to make a recommendation to change or introduce the policy, service, function, project or strategy, clearly show how it was decided on.

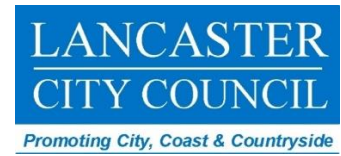
N/A

Q9. If you are not in a position to go ahead, what actions are you going to take?

N/A

Q10. Where necessary, how do you plan to monitor the impact and effectiveness of this change or decision?

N/A



# Equality Impact Assessment

## Cabinet

### Reshaping the Council's Museums Service 13 February 2018

#### Report of Chief Officer (Regeneration and Planning)

<b>PURPOSE OF REPORT</b>			
To provide the final independent consultants report and request that Cabinet notes its suggestions for the future direction for the City Council's museums service and considers some early actions to underpin successful future management and development.			
Key Decision	<b>X</b>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	15 January 2018		
This report is public			

#### RECOMMENDATIONS OF Councillor Darren Clifford

It is recommended that:

- 1) Cabinet reviews and notes the independent consultant report "Reshaping of Lancaster District's Museums Offer – Report of Findings and Recommendations (Aitken, Prince and Pearce)" at Appendix A.
- 2) Cabinet notes the initial focus of work over the next 6 months is the successful transfer of the museums service back to the Council and recruitment of a specialist manager to play a key role in management and development of the service.
- 3) Specialist funding support and match funding of up to £37,500 are provided to enable the development, submission and acceptance of a Resilient Heritage funding bid, from the remaining previously approved Budget Support Reserve allocation for the Museums Review, and subject to appropriate due diligence being undertaken.
- 4) That delegated authority be given to the Chief Officer (Resources) to update the General Fund Revenue Budget to reflect the additional expenditure and associated Resilient Heritage funding, if successful, subject to remaining budget neutral for the Council.
- 5) A preferred site option for a purpose-built Collections Centre is prepared (to inform the wider Museums Review), for consideration as part of a future report and in order to feed into the relevant annual budget process.



**6) A further report is provided for Cabinet towards the end of 2018 when the museums service has transferred back to the Council.**

**1.0 Introduction**

1.1 The city council has three museums; the City Museum in Market Square; the Maritime Museum at St George's Quay; the Cottage Museum on Castle Hill. Since 2003 the museums have been managed by Lancashire County Council under the Museums Service Partnership Agreement (MSPA) and integrated with the county-wide museums service.

1.2 Over the last two to three years a review of the council's museums has been undertaken and some options for redevelopment tested. The consultants' report at Appendix A, "**Reshaping of Lancaster District's Museums Offer – Report of Findings and Recommendations (Aitken, Prince and Pearce (AP+P), March 2017**" provides a summary of findings and some useful illustrations for examples of alternative business models.

1.3 In summary the key findings conclude that the museums have the potential to contribute much more to the area's economy; do not match the district's ambitions as an important sub regional centre; are relatively expensive to run; could be better integrated with the district's and the council's wider economic, tourism and cultural activities. Nevertheless all engagement with partners and stakeholders suggests that the museums are highly valued and are important to the district in terms of its unique heritage and culture, quality of life and place offer.

1.4 An ambitious and exciting approach to transforming the museums service is proposed by the consultants, who have worked closely with officers, members and stakeholders. There is clearly broad support for positive change but, at the same time, each and every element of such a wide ranging transformational programme of improvement is complex. Cabinet has been working with a Museums Cabinet Liaison Group which has considered the proposals at recent meetings and has identified a number of steps that can be taken to enable early progress.

1.5 As a result of this, at its September 2017 meeting Full Council considered and agreed a recommendation that the City Council take the museums service back in house (minute ref: 52). To support this, and the ongoing work of managing and developing the service, a Museums Manager post was also approved. Notice has now been provided to County Council and the transfer will take place by the 30 September 2018. Recruitment for a Museums Manager is about to commence.

**2.0 Proposal Details**

2.1 Following recent discussions with the Cabinet Liaison Group, recommendations in this report reflect the need to transfer the service effectively in the first instance and build on the opportunities to make improvements over time, working with staff, stakeholders and communities.

Independent Consultants Report

- 2.2 The consultants' report (Appendix A) suggests a comprehensive strategy for the Museums Service. Cabinet is asked to review and note this independent report at the current time. Any future decisions on elements of the strategy will need to be informed by further detailed work around the key options.

Transfer of the service

- 2.3 A successful transfer of the museums service back to the city council is a critical first step in moving the service development forward. Notice has been served and the service will therefore be returned to the council by the 1<sup>st</sup> October this year. The Cabinet Liaison Group was keen that this work, and the recruitment of a Museums Manager, be given the highest priority.

Resilient Heritage Funding

- 2.4 The potential to bid to Heritage Lottery Fund's (HLF) Resilient Heritage grant scheme has been discussed as a means by which the council can secure additional resources to: build its own capacity to manage the new responsibilities; work effectively with museums staff, partners and stakeholders. This recognises that it has been some years since the council managed its own museums and the transfer of the service means significant changes for both City Council and existing museums staff.

- 2.5 Any organisational change of this nature presents particular challenges, and Resilient Heritage funding can be used to assist transition, minimise disruption and progress the opportunities inherent in shaping new management structures and ways of working. Taking a bid forward is a specific recommendation of this report, noting that an existing Budget Support Reserve allocation of up to £35.7K out of the original £138.5K approved in June 2016 to fund feasibility studies in 2016/17 for the museums redevelopment was unspent, and so this could be used to provide both specialist funding support and some potential match funding to ensure a more successful transfer of the current museums service.

A Museums Collections Centre

- 2.6 An immediate and relatively straightforward action suggested by the report, and also discussed by the Cabinet Liaison Group, is to review detailed options for a new Collections Centre and consider a preferred site. This is an important initial step to address a serious constraint and limitation to the service and one which is possible to investigate in parallel to the immediate focus on the transfer of the museums service.

Future developments

- 2.7 Over the next 6 month period it is anticipated work will be intense, particularly around the time of the service transfer, and the recommendations in this report recognise the importance of getting it right. Future developments (including further consideration of a purpose-built Museums Collections Centre) can be considered in due course and it is expected that a further report to Cabinet will be presented toward the end of the year and fed into the annual budget process at the appropriate time, as required.

### **3.0 Details of Consultation**

3.1 Consultation work has been undertaken in support of the reports as follows:

- Discussions with Arts Council England, Heritage Lottery Fund and Museums Development North West are ongoing
- A Cabinet Liaison Group discussed these proposals September and again in December.
- In terms of consultation with the public and with museums staff, details of these proposals have to date been treated as confidential, given the potential impact on county council staff currently employed within the Museums Service. However, no major decisions on reshaping the service have been taken at this time and meetings with staff will take place imminently.

### **4.0 Options and Options Analysis (including risk assessment)**

4.1 Options relating to this report are limited as all recommendations are effectively proposing the means by which earlier decisions can be implemented effectively. Recommendations in relation to the potential Collections Centre and how it might inform the wider museums review will be considered in more detail in a later report.

4.2 In terms of risk it should be noted that there are risks associated with the transfer of the service back to the council. However, recommendations in this report are designed to mitigate these risks.

### **5.0 Conclusion**

5.1 The work undertaken to date has been informative and it is clear that the City Council's museums have the potential for a greater impact, increased presence and profile and, at the same time, to be more sustainable in financial terms. By agreeing to take the museums service in-house the council has already made a strong commitment to repositioning the offer.

5.2 The independent AP&P report presents a series of significant operational and financial implications and considerations which cannot be fully determined at this stage. In the immediate short term, however, the City Council has to deliver the effective re-integration of the museums service into its establishment and this, in itself will be complex in legal, financial and management terms.

5.3 At this stage, Cabinet is therefore asked to agree that officers focus on the successful transfer of the Museums Service back to the City Council and recruitment of a specialist manager to play a key role in management and development of the service. This will be undertaken alongside the development of a HLF Resilient Heritage funding bid and more detailed consideration of options for a potential new Collections Centre and identification of a preferred site.

**RELATIONSHIP TO POLICY FRAMEWORK**

The proposals with this report support the council's Corporate Priorities of Sustainable Economic Growth and Community Leadership, contributing to the attractiveness and offer of the district, as a place to visit or invest in; rationalising the council's property portfolio to deliver better value for money; and improving efficiency and effectiveness through re-shaping services.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):**

No additional impacts as a direct result of this report.

**LEGAL IMPLICATIONS**

The city council has already given notice to Lancashire County Council under the terms of the current Management Agreement.

**FINANCIAL IMPLICATIONS**

It is not expected that there will be any additional financial implications arising for the Council at this stage.

If successful, the General Fund Revenue Budget will need to be updated as appropriate to reflect any additional expenditure and associated HLF Resilient Heritage grant funding, subject to proper due diligence being undertaken prior to submission of the bid and acceptance, thereafter, and remaining budget neutral for the Council.

As referred to within the report, more detail will be brought back to members covering the potential options available for a purpose-built Collections Centre for further consideration during the annual budget process. It is re-iterated here, however, that such a review will need to be successfully managed alongside the transfer of the current museums service back to city council operation from 1 October 2017, which will need to take priority in the first instance.

It is further anticipated that any specialist funding support or match funding requirement can be managed from within remaining museum review funding allocations in the Budget Support Reserve (BSR), up to a maximum of £35.7K, noting that application of the BSR is delegated to the Chief Officer (Resources), but subject to consultation (and therefore agreement) with Cabinet.

Finally, it is proposed that a further report is provided towards the end of 2018, once the museums service has transferred back to the Council.

**OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:**

Additional resources required in relation to the transfer of the museums service were broadly discussed as part of earlier reports. Some use of existing staff resources (as part of day to day business) will be required to progress a funding bid and to undertake early work to identify a preferred site for a Collections Centre.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted. Circa £35K of potential funding has now been identified to help fund museums, although this was not previously the case when the submission of the Museum's Manager growth bid was being developed. It would be appropriate, therefore, for Cabinet to reconsider options for funding the Museum Manager

post if Cabinet so wishes; it is currently unclear whether the full c£35K is needed. Effectively, approving the funding request in support of resilience would mean that the estimated additional up-front cost of bringing the museums service back in house would rise up to c£54K.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

none

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**Ref:**

Appendix A - AP&P report



**Lancaster City Council**  
Regeneration & Planning Services

**Reshaping Lancaster District's Museums Offer**  
**Report of Findings and Recommendations**

**AP+P**

March 2017

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# Reshaping Lancaster District's Museums Offer

## Report of Findings and Recommendations

*Prepared for*

**Lancaster City Council**  
**Regeneration & Planning Services**

**March 2017**

*by*

**PRINCE+PEARCE**

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### **Acknowledgements**

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Aitken Prince+Pearce acknowledges with thanks all those who have made a contribution to this report, particularly Anne Marie Harrison and her colleagues in the City Council's Regeneration & Planning Services Department, together with all those who gave freely of their time, experience and expertise.

### **Status of Document**

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## 1 Introduction

Prince + Pearce, together with Robert Aitken Museum Design (AP+P) were commissioned, following a selection process in September 2016, by Lancaster City Council to support the Regeneration & Planning Services Department in assessing the feasibility of producing options for the redesign of the City's museums service by taking a bolder, more challenging but strategic, long-term approach towards the use of its cultural and heritage assets, estates and collections; their funding, investment and income, and management.

This commission was essentially an extension and development of previous work carried out by AP+P for the City over the past five years and was aimed particularly at addressing the following issues:

- Consolidating the Collections into a new Collections Centre
- Redevelopment of the City Museum in the Old Town Hall
- The Kings Own Regimental Museum
- Disposal / mothballing of Maritime Museum – Warehouse and Customs House
- Disposal of the Cottage Museum
- A new development on Morecambe Seafront
- Management arrangements.

Uppermost when considering these issues was the desire to produce achievable, real-world options and solutions for a major facet of the Council's long-term aspirations as a heritage city, tourist attraction and place of well-being for its residents.

Specifically, the brief called for reporting on the following components:

- A recommended physical design for the Collections Centre
- A recommended physical design for the City Museum
- An Interpretation/use plan for the collections
- A Business Plan for a redesigned museums service and ancillary services
- A recommended governance model and staffing structure
- An Audience Development Plan and Marketing Strategy
- Outline costs for all capital investment and revenue expenditure
- A funding and investment framework.

The remainder of this document deals with the outcome of this work, section-by-section, all in the context of an over-arching Business Case for the service which runs throughout the report and underpins its thinking and recommendations.

## 1.1 Previous Work

In May 2011<sup>1</sup>, AP+P was appointed to carry out a study of the City Museum and provide an indication of how its current offer could be improved in order to bring it more in line with modern thinking, attract more visitors and make a positive contribution to the cultural offer and economy of Lancaster District. That study encompassed the following elements:

- A review of the current museum offer in Market Square
- A review of the national context and policy framework
- The relationship between the Museum and the Square Routes project
- The potential relationship between the Museum and the Indoor Market
- The implications of extending the Museum building
- A new interpretive approach
- A review of operational cost and management
- A market analysis and business case
- Recommendations for 'quick wins' and longer term development options.

The study identified a number of options for the City Museum:

- Closure
- Stay as is
- Remain in the Market Square but with a different offer
- Move into Lancaster Castle
- Expand into the adjacent Library building
- Move to a new location in the city (possibly the Quayside)
- Combine with the Maritime Museum in a new location in the city (possibly the Quayside).

The report concluded that the third option ('remain in the Market Square but with a different offer') was the preferred way forward and offered guidance on how this could take place.

In November 2015 AP+P was commissioned to produce a further report considering options to review, rationalise and improve the City's museums offer in order to create a focused service that will:

- Appeal to a wide range of audiences;
- Protect and develop the collections;
- Strongly support the development of the visitor economy;
- Develop the District's attractiveness as a place to live and work;
- Become financially more efficient and sustainable.

That report, which was delivered in final form in June 2016, considered in detail a number of far-reaching recommendations that involved the closure of the Maritime and Cottage museums, the

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<sup>1</sup> This work by AP+P produced two main reports - July 2011: *Lancaster City Museum Study*; and June 2016: *Lancaster Museums Study – Future Scope and Benefits* as well as a number of subsidiary, supporting papers.



major redevelopment of the City Museum and the creation of a new Collections Centre to manage and maintain the City's collections to acceptable standards for the long-term.

It is to the detailed analysis of the recommendations made in the June 2016 report that this current work is addressed.

This report is therefore entirely consistent with recommendations made to the Council since 2011 and, we contend, presents a clear, unambiguous and positive way forward for the City to manage and care for the significant collections it holds in trust, and to enliven and reinvigorate the City Museum as a major player in the District's overall economic development programme.

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## 2 Summary Narrative

Lancaster's museums service has arrived at a fork in the road.

Should it continue with the existing arrangements or should it take another route, to step out on its own and start things afresh?

To carry on as now offers more of the same: a well-travelled path reinforcing a service that is essentially isolated from the Council and operating under its own terms, and in its own way, offering only marginal benefits to the City as a whole. And even this scenario assumes that resources will remain as now, which is itself doubtful.

Continuing on this road will only reinforce the downward spiral of under-investment, decline, local atrophy and visitor apathy which will eventually lead, perhaps sooner rather than later, to the demise of the service as a whole.

But there is another way: the large, historically important and culturally significant collections held by the City demand better.

From the Quernmore Burial and the Roman Cavalryman's headstone through the Silverdale Hoard, the Wars of the Roses, the Castle, the Pendle witch trials, the slave trade, cotton, tobacco and Empire – not to mention Morecambe and its particular association with northern working families – all these matter, all are real, all have made their mark on the City, resonate with people, and all are available for interpretation and use by a refreshed museums service. Many are of national significance.

Museums are just one manifestation of the great story-telling tradition of all peoples, everywhere and at all times.

There is thus – and can never be – a shortage of material, a shortage of ideas, of ways to engage. What is needed – indeed demanded by this very same material – are ways to deliver it to a public who, under the right circumstances and presented in the right ways, will come to see it, enjoy and appreciate it, and who will then wish to tell others about it.

To achieve this renaissance the new museums service must be bold, imaginative and reinvigorated.

It must look to engage with people wherever they are rather than expect them to come to a single location. It must tell multiple stories in ways that are accessible to a range of audiences. It must embrace and use the best of new technologies without abandoning proven methods. An engagement with the museums service, whether by visiting in person, by encountering objects and stories in unusual places or by accessing the website, must lead people out into the City to see more, to learn more, and to engage with the cultural underpinnings of the District.

If this is to happen, the service must be delivered by people with a passion and a desire to see the collections, buildings and interpretations reach out to communities that have traditionally been ambivalent to museums and what they have to offer. This applies to all those involved: staff, volunteers and governors.

Whilst academic rigour underpins the work of all good museums, communicating the results of this academic endeavour needs to be the driving force. For museums to prosper in the 21C they need to be institutions at the centre of a place's cultural offer. To satisfy both the visitor and resident markets they must offer changing attractions, events and opportunities alongside core stories and core exhibits. They must balance the twin demands of caring for the collections they hold whilst affording maximum access to them.

This report sets out a new way for Lancaster's museums service.

Working at the centre of the City Council's administration, as is recommended throughout this report, the museums service should engage with all other departments in delivering the common goals of value for money and economic growth which are the twin pillars of Lancaster's corporate plan.

Whilst some may see these recommendations as being radical, they are rooted in an honest and forthright assessment of what there is now, how it is managed and what it has achieved, and what are the opportunities presented by a new, and modified, service.

In summary, this report:

- Recommends and costs a physical design for the Collections Centre
- Recommends and costs a physical design for the City Museum
- Sets out an interpretation/use plan for the collections
- Recommends a governance model and staffing structure
- Considers an Audience Development Plan and Marketing Strategy
- Lays out a Business Case for the redesigned museums service and ancillary services which describes outline costs for all capital investment and revenue expenditure as well as considering a funding and investment framework.

The headline outcome is that the museums service – under all and realistically anticipated outcomes – can not only do more for the District but is better off financially under the City's direct care.

Additionally, this report raises and attempts to answer fundamental issues and concerns and is set out in nine Sections.

Section 3 looks at the development context within Lancaster and its District, whilst Section 4 details a physical design for the proposed new Collections Centre.

Section 5 considers future audience development and marketing strategies.

Section 6 sets out a new interpretive strategy to which Section 7, devoted to the redevelopment of the City Museum, responds.

Section 8 deals with the highly significant issue of Governance whilst Section 9 consolidates all the earlier sections into a coherent Business Case.

Section 10 offers a summary of the findings whilst Section 11 highlights the way forward for the project as a whole.

## 2.1 Key outcomes

In order to increase visitor numbers to the City Museum to a projected 150,000 a year there is a need to improve public accessibility (including wheelchair access), extend the public realm of the building and provide much-improved exhibition, visitor and staff facilities. Flexibility is key to the future-proofing of any new museum development, to enable it to adapt to new trends and technologies and to provide a constant renewal of activity.

The proposed redevelopment of the museum is based on the provision of the following key components:

- New reception and visitor information facilities
- A museum café and retail space
- An orientation gallery
- An object rich permanent exhibition
- A revenue-earning immersive experience
- Temporary and special exhibition galleries
- Wheelchair access to all areas and new toilet facilities.

This strategy is designed to attract and sustain a new and diverse audience, generate revenue, display the most important elements of the collection, host touring exhibitions, some of national significance, and to support a lively programme of temporary exhibitions to encourage repeat visits.

Reception and welcoming facilities remain inadequate together with a high-profile visitor information, and merchandising outlet. Curatorial office space is reduced in favour of increasing the public realm of the Museum and existing circulation routes compromise the optimal flow of visitors, particularly with regard to the location of the 'Orientation' gallery.

A key outcome of the stakeholder workshop, held in November 2016, is that the preferred option is for a new, two-storey extension to be built in the small square to the north of the Old Town Hall. This solution would potentially resolve the issues which will remain despite the proposed improvements to the existing buildings, by providing some additional 300m<sup>2</sup> of floor area.

Whilst it is recognised that this will involve the development of a highly sensitive city centre site, a high-quality new building would transform the offer of the City Museum, over and above the benefits described above and act as a catalyst for the regeneration of both cultural and commercial activity in the immediate vicinity.

The added value of a new extension can be summarised as providing:

- Much-needed reception and welcoming facilities for an increased number of visitors
- A high profile visitor information centre and retail outlet (otherwise co-located with the café)
- Curatorial offices and retail storage space
- Direct access by stairs and a passenger lift to a new special exhibitions gallery
- Access to both the ground and first floor levels of the Old Town Hall building
- Disabled toilet facilities on the ground floor.

It will also:

- Reduce the need for demolition and new structural works to areas of the existing buildings
- Obviate the need for a new passenger lift within the existing buildings
- Enable spaces in the existing buildings to be used more flexibly
- Create management and staffing efficiencies
- Enable an optimal top-down visitor flow through the museum
- Enable a dedicated education space to be provided with a separate schools entrance
- Revitalise New Street by generating significant footfall
- Raise the profile of the City Museum as a new visitor destination.

Other key outcomes of this report are that:

- There is a clear, well-founded and justified way forward for the City's museums service in terms of governance, management, audience development, collections care and facilities development that offers significantly increased value for money in ways that contribute substantially to economic growth
- For this to be made real, the City should terminate its existing arrangement with Lancashire County Council and manage its museums service in-house within a new business delivery department which is integrated fully within the City's Economic Development section
- It should do this for two main reasons: (a) it is financially beneficial and (b) it will enable the City to directly use its museum resources for economic development in the context of delivering increased value for money
- The issue of managing the service through a trust, charitable company or some such similar vehicle has been explored in detail and rejected
- The cost of developing the new service in capital terms is in the region of £7 million (excluding VAT) and is focused on the creation of a new Collections Centre on land owned by the City and a refurbished, refocused and revitalised City Museum
- The new service will employ more staff than currently, but these staff will undertake different functions within an avowedly outwardly-focused service
- The principle concern in this report is to balance the conservation and maintenance of the collections with the widest possible access to the service, and this has been achieved
- The City will need to begin the process of developing the 'soft' side of the proposals, including contacting all available sources of funding and considering issues of staff retention and recruitment
- The City should actively consider the creation of a dedicated project implementation team to take all the issues and concerns of this report forward as soon as a decision to proceed is made
- The City should transfer the KORR Museum to Lancaster Castle or elsewhere, albeit with the City, perhaps, retaining a form of long-term curatorial and collections-care role
- The City should begin the process of preparing the collections, in their current stores, for transfer to the new Collections Centre

- As part of this, the City should prepare for the closure of the City Museum for a period of, perhaps, two years whilst urgent and necessary developments take place and, in support of this, plan for a concentrated, funded and well-publicised archaeological excavation of Quay Meadow and its immediate environment, beginning with the 2017 season
- Begin to develop these proposals into (a) practical and deliverable designs on actual sites (for the Collections Centre) and (b) for the reconfiguration and redisplay of the City Museum
- Begin the process of disposing of unwanted physical assets – such as the Maritime Museum and the Cottage – at a pace and in ways commensurate with market factors as advised by other consultants to the City, in the knowledge that this action will not have a negative impact on the delivery of the service as a whole once the new arrangements are in place
- Begin the process of orchestrating the City’s financial resources to deliver the key outcomes of this study with perhaps an application to the HLF for development funding.

From an overall financial perspective, all figures and projections in this report carry contingencies and associated risks. Both these elements are described in detail throughout this document and have been defined by the best available information.

A major potential source of capital funding is the Heritage Lottery Fund and the way in which this body can be approached is set out in Section 9.3.

One of the aims of this report was to produce and maintain a high productivity, low risk service that generates third party income through overnight stays in the District as well as increased tourism spend from day trippers.

We are confident that the level of analysis presented here is entirely consistent with that of a feasibility study in that it presents a clear, unambiguous and positive way forward for the City to manage and care for the significant collections it holds in trust, and to enliven and reinvigorate the City Museum as a major player in the District’s overall economic development programme.

This financial model suggests that the average annual saving to the City by terminating the existing contract with Lancashire County and following the principles described in this report is approximately £207,000 a year, which brings with it considerable and additional service-delivery benefits.

The analysis demonstrates clearly – and this is the key point – is that **under all reasonably predictable circumstances** – the City is **better off** going it alone financially by terminating the existing contract with Lancashire County Council, let alone setting aside all the other benefits for the City’s collection, the image of Lancaster as a ‘heritage city’ and the way in which the service as a whole can underpin many of the City’s wider development ambitions.

### 3 Development Context – Issues and Principles

#### 3.1 The existing offer: context and implications

Lancaster City Council currently owns three museums, all based in Lancaster city centre: (a) the City Museum in Market Square, (b) the Maritime Museum on St George's Quay and (c) the Cottage Museum at St Mary's Parade, opposite the main gate of Lancaster Castle.

The King's Own Regimental Museum (KORR) is located within the City Museum. Whilst the Regiment owns the collection, the City Council has provided accommodation and staffing for it for a number of years through its arrangement with Lancashire County Council.

Since 2003, all three of the City's museums have been managed by Lancashire County Council as part of a Museums Service Partnership Agreement which was established initially for a ten year period and which is currently under review.

Previous reports to the City by AP+P have recommended that this agreement should be terminated<sup>2</sup>.

It is clear that since the Partnership was entered into in 2003 many things have changed, not least the way(s) in which the County itself delivers its services across all the museums under its care, compounded by the fact that both organisations are operating under the harshest financial environment encountered since the 1930s. Whatever the minutiae of the arrangements as they exist, it is clear that, at present (a) the County provides services to the City and (b) the City pays for these services.

The County Council currently manages a service in Lancaster Castle and also owns and manages the Judges Lodgings museum on China Street. The latter has been identified as a service reduction as part of County Council's budgeting process, with alternative management arrangements being developed by the County with a non-council third party consortium.

As far as can be ascertained, the current annual cost of delivering the museums service is £562,000 which includes all on-site costs and staffing, collections management, access to specialist curatorial and conservation services<sup>3</sup>, but excludes capital and other notional costs. Of this total, £520,200 is paid directly to Lancashire County Council for contracted management and other services.

In total, therefore, the museum service costs the City around £562,200 a year, which equates to a subsidy of approximately £9.37 for each of the 60,000 attracted visitors from all markets: local residents, visitors (both day trip and tourist), school parties etc<sup>4</sup>. To put this in perspective, and to take

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<sup>2</sup> For example, AP+P 'Lancaster City Museum Study July 2011' p10; repeated in AP+P's June 2016 report.

<sup>3</sup> Source: Lancaster City Council (finance department) budget figures 2017-2018.

<sup>4</sup> Latest available visitor numbers indicate a (rounded) maximum of 60,000 split as: City Museum, including the KORR, 47,000; The Cottage 5,000; and the Maritime 8,000 (albeit that the last has suffered from over-winter flood damage). We would caution against these figures being inflated particularly as there is no charge made at the City Museum.

just one example, this is over one-and-a-half times the subsidy per visitor at the British Museum<sup>5</sup>, one of the world's pre-eminent research institutions and international tourist attractions.

The City Council continues to own the buildings in which its museums are situated and thus retains responsibility for their ongoing repairs and maintenance. Annual repairs and maintenance costs for the last three years, predominantly for essential health and safety interventions, are around £43,000.

### 3.2 Historic context

In their early years, museums were created in the UK by high-net-worth individuals for the benefit of themselves, their immediate social circle and, eventually, the public at large, particularly after the Great Exhibition of 1851 and the rise of Victorian philanthropy<sup>6</sup>.

Their growth, at least in numbers, was given significant impetus by The Museums Act [1845] which gave local authorities the power to levy an additional rate for the creation and maintenance of museums in towns with more than 10,000 people<sup>7</sup>.

In Lancaster, the City Museum opened in 1923 and was followed swiftly by the King's Own Regimental Museum in 1929; both housed in the (now) Grade II\* Listed Old Town Hall<sup>8</sup>.

After the Second World War, and particularly since the 1970s, a new wave of 'independent' museums emerged with more tourist-focused and income-generating remits outside public authority or central government control<sup>9</sup>. They took their place alongside a growing heritage-led tourism industry (which included site interpretation, visitor centres, field centres and environmental study centres) often managed by trusts, and/or charitable companies, many with underpinning financial support (especially in their early years) from government or regional development agencies.

Also during this period improved standards of visitor management and the technologies associated with new and developing methods of interpretation (particularly computer-generated and hands-on) were established and the new attractions – which depended to a large extent on income from admissions – were marketed with growing success.

Many interpreted historic and environmental sites, museums, and science and technology centres were established during this period, often looking to best practice in the United States, particularly in terms of environmental and technology-based interpretation. The concept of a visitor or heritage

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<sup>5</sup> British Museum accounts to March 2015: Grants=£40million, visitors=6.5million. Source: Report and Accounts for the Year ended 31 March 2015: *The Trustees of the British Museum*.

<sup>6</sup> The two oldest museums in the UK are the Ashmolean (University of Oxford) 1683, and the British Museum (1759). Source: Prince, D R et al 'The Manual of Curatorship: A Guide to Museum Practice' (Butterworths Scientific); 1<sup>st</sup> edition, 1984

<sup>7</sup> The Museum Act [1845] was originated by Chartist Movement as part of its demands for reform in education. Hijacked by Messrs William Ewart MP and Joseph Botherton MP, the Act became a way of creating places that were "instructive to the community ... (so that they) ... might draw off a number of those who now frequent public houses ..."

<sup>8</sup> Listing number 383208

<sup>9</sup> For example, the Association of Independent Museums was established in 1977. Source: Prince, D R et al 'The Manual of Curatorship: A Guide to Museum Practice' (Butterworths Scientific); 1<sup>st</sup> edition, 1984



centre, to act as the initial point of entry, or gateway, to an interpreted landscape, urban setting or historic or industrial site, also developed a separate identity during this period.

In retrospect, this can be seen as the hay-day of museum creation, with capital funds provided particularly by the Heritage Lottery Fund<sup>10</sup>.

At present, museums – particularly local authority museums – find themselves under increasing financial pressure, particularly as a result of the global financial crisis of 2007-2009, the resulting policies of the Coalition (2010-2015) and Conservative governments (2015-), the economic and political uncertainties created by the *Brexit* vote of June 2106.

Many of the traditional assumptions of the role of museums – as places that “enable people to explore collections for inspiration, learning and enjoyment ... (and) which they hold in trust for society”<sup>11</sup> are now being challenged to move away from this object-focused approach to one where the needs of the public take precedence. As a result of the on-going cuts to local government funding, museums (as non-statutory services<sup>12</sup>) are increasingly being viewed as contributors to the wider economic (particularly tourism-led) offer of a city, or place, to justify their existence.

Museums have thus moved from being places where objects are stored and researched by academics, through their use in public education and entertainment to entities that can, in and of themselves, generate economic value.

One reflection of this trend is where museums appear in local authority management structures.

Once stand-alone entities managed by a chief officer (especially in the larger cities), museums were first absorbed by education departments, then moved to leisure departments and are now increasingly being overseen by departments of regeneration and economic development as, indeed, is the case in Lancaster<sup>13</sup>.

The four main groupings of museums in the UK now appear to be evolving in four distinct directions:

National museums	Major tourist attractions as well as being primary academic institutions
University museums	Part of the offer of increasingly market-led educational institutions
Independent museums	Tourist attractions
Local authority museums	Engines of economic activity and well-being on a place-wide basis

Figure 1: Museum groupings and evolution

<sup>10</sup> The Heritage Lottery Fund (HLF) was established under the National Lottery (etc) Act [1993], and received its first application a year later. Since then it has awarded close to £2 Billion in grants, many for Listed buildings and museum collections.

<sup>11</sup> The Museums Association’s 1998 definition, and still current. Source: Museums Association Website, accessed September, 2016.

<sup>12</sup> As defined under the Public Libraries and Museums Act [1964].

<sup>13</sup> For a history of the evolution of museum governance in the UK see, for example, Prince D R Prince, *The Manual of Curatorship: A Guide to Museum Practice*. Butterworths: London. (Reprinted many times, latest 2011), particularly Section 1.

Moreover, through outreach programmes, the creation of satellite facilities and the offer of touring exhibitions, the future of museums is not one of operating out of fixed locations exhibiting permanent collections along purely educational lines: the best – and Lancaster should aspire to be the best – use all forms of media, perhaps in ‘found’, ‘pop-up’ locations, to deliver their messages to their public, both local and tourist.

Whilst all this implies that some form of ‘head-quarters operation’ is needed, it does not mean that this is solely where the museum interpretation occurs: far from it.

To be relevant, engaged and to be seen to be part of the whole community as well as contributing to the local economy, museums need to ‘get out there’ and force themselves into an ever-more-challenging media environment<sup>14</sup>.

Gone are the days, if they ever existed, when museums put on exhibits and assumed that people would turn up<sup>15</sup>. The majority of museum surveys over the last thirty or so years<sup>16</sup> have demonstrated that museum visitors remain, to a large and statistically significant degree, white, middle class, university educated and who view out-of-hours education as a constructive use of leisure time.

Museums need, therefore, to break out of this mould and operate in the real world of 21C Britain where all issues, all pasts, all references are on the table for discussion in a ‘post truth’ world<sup>17</sup>.

To do this they must be active, use the facilities they have, and can find, make an impact in the community and force themselves into the forefront of public thinking and, through this, gain long-term political support.

Museums are more than places to visit and places to enjoy – they are also facilities that can be used, for example, to assist one the greatest challenges of 21C Britain: ageing and mental health<sup>18</sup>. For instance, *The National Alliance for Museums, Health and Wellbeing* based at University College London<sup>19</sup>, has recently appointed a coordinator to develop the work of museums and the use of museum objects in helping to treat psychological issues, particularly those associated with age-related illnesses such as dementia. Such roles will no doubt increase over the years.

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<sup>14</sup> For example, in September 2016 the British Museum had 1.2m *Facebook* likes compared with 2.9m for Kim Kardashian and 71m for Manchester United.

<sup>15</sup> There are, obviously, exceptions but these tend to be historic: *Tutankhamun* at the British Museum in 1972 for example, but outside the nationals, these are extremely rare.

<sup>16</sup> Many undertaken and/or summarised by David Prince at city, county and individual museum level. Various publications, example: Prince, D.R. ‘Factors Influencing Museum Visits: An Empirical Evaluation of Audience Selection’, *Museum Management and Curatorship*, Vol.9, No.2, pp.149-168.

<sup>17</sup> ‘*Post Truth* is the ‘phrase of the year’ in the Oxford English Dictionary which states that the phrase is an adjective “relating to or denoting circumstances in which objective facts are less influential in shaping public opinion than appeals to emotion and personal belief” OED editors said that use of the term ‘post-truth’ had increased by around 2,000% in 2016 compared to last year. The spike in usage, it said, is ‘in the context of the EU referendum in the United Kingdom and the presidential election in the United States’.

<sup>18</sup> Currently, over 20 million of the UK population are aged 50 years and over. More than a million people are aged 85 or over. More than 11 million are over retirement age (65 for men and 60 for women). This is 18.5% of the total UK population and is set to be over 20% by 2020.

<sup>19</sup> In the Faculty of Social and Historical Sciences, University College London, within which David Prince is a Visiting Professor.

To be relevant, needed and supported, a modern museum service must serve all educational, social, cultural and political views simultaneously. It must recognise its past, but challenge it. It must – and this is what makes it unique – use real objects to focus debate on contemporary issues that help to set the agenda for debate. In essence, it must thus re-address contemporary issues from an historic perspective.

### 3.3 Heritage asset management

The City Council has at its disposal a number of significant heritage, cultural and leisure assets that it manages for the benefit of its residents and those that choose to visit Lancaster, Morecambe and the surrounding countryside and coastline.

The City effectively manages the majority of these assets in-house. As far as the heritage (both built and cultural) is concerned, the Council now has an opportunity to redefine its relationship with one of the primary drivers of local pride, education, leisure opportunities and feel-good factors within the City and its District.

In terms of the future heritage landscape of Lancaster is concerned, a prudent view would be for the City to act on – and contemplate acting on – only those assets over which it has control.

The philosophy for the City is one of minimising risk in future development by the City managing and developing what it can – because it can – whilst maintaining an opportunistic, watching brief on other developments that are – and will probably remain – outside its control.

This implies that the museum service should contribute to the City in two major ways:

- Running the museums under a revitalised business plan, whilst taking full cognisance of the potential developments at, for example, the Judges' Lodgings, the Castle and other heritage-related tourism projects that will (or may) affect local demand and throughput
- Contributing to the operation of other suitable sites under the control of the City by way of providing exhibitions (both permanent and special) and expertise.

Insourcing also sits well with the City's aim of providing:

*"a range of customer-focused services that offer value for money and meet the needs of people who live, work and visit the district"*

whilst supporting the Council's overarching values of ...

*"leading our communities; putting our customers first; maintaining a skilled and professional workforce; and providing value for money".*

... all of which is seen in the context of creating a community that is:

*"proud of its natural and cultural assets"*

which, in the case of Lancaster, means:

*“being recognised as an important University city with an envied quality of life, strong economic opportunity and rich heritage”<sup>20</sup>.*

In this way, the City’s museums could be seen to operate within – and across – many of the services that the City provides, and make a major contribution to one of the priorities as set out in the City’s Corporate Plan.

### 3.4 Principal facilities

The Visitor Information Centre on the ground floor of the Storey, as at recent figures, operates at a total cost to the City of £131,000 (including building-related costs) and at a nett cost of some £104,900 (including building-related costs) when sales of goods services of £26,100 are into account<sup>21</sup>.

In the table below the nett figure of £104,900 has been used for the cost of operating the VIC in the Storey since the Business Plan in Section 9 of this report separates income from expenditure but includes building-related costs, thereby enabling direct like-for-like comparisons to be made.

Further, reference has been made to the VIC as being a ‘principal facility’ because we can see an obvious and desirable synergy between the operation of the City Museum and the VIC, of which more in Section 9: The Business Plan.

In summary, therefore, the combined costs of operating the current museums service and the VIC in the Storey emerge at around £667,000 a year.

Operational Costs	£
The Museums Service	562,000
The VIC in the Storey (nett)	104,900
<b>Total</b>	<b>666,900</b>

Figure 2: Total operational costs of the service’s principal facilities (as defined)

It must be recognised that the wider context for museums in Lancaster is changing, and over the last few years important developments have taken place that significantly raise the importance and profile of the City and the wider district, in terms of visitors and quality of life for those who live and work there.

In particular, two complementary ‘destination brands’ have been promoted for both Lancaster, including the Lune Valley, and Morecambe Bay. These two brands coalesce in the strapline *Small City Big Story – City of Heritage, City of Great Outdoors*.

<sup>20</sup> Lancaster City Council Corporate Plan 2011-2014: ‘Making Every Penny Count’.

<sup>21</sup> Source: Lancaster City Council

Moreover, Lancaster is now one of a group of eleven of *England's Heritage Cities*<sup>22</sup>, thereby creating significant promotional and partnering opportunities at both national and international levels. Lancaster's museums buildings are, in and of themselves, important heritage assets.

The City Museum building, which over the years has served as a market, a gaol, a Civil War armoury and the town hall (sometimes all at once) is an exemplar of the evolution of English civic buildings and their importance as the focus of civic spaces. There has been some form of 'town hall' in the Market Square in Lancaster since the late 12C, probably earlier. Any proposed, development in-and-around the Town Hall will therefore need to take into account the potential richness of the archaeological evidence, particularly as Market Street follows the line of the Roman Road to what is now Lancaster Castle. Any such dig could prove to be a rich source of information for the history of the city, particularly the medieval town, and should be used as a prime focus for public interest and support.

The Maritime Museum is Listed Grade II\*<sup>23</sup> and occupies two historic buildings on St George's Quay, the city's main 18C harbour. These are the former 1764 Customs House, designed by Richard Gillow, and the adjacent Georgian warehouse.

The Cottage Museum, a Grade II Listed building located on Castle Hill adjacent to Lancaster Castle, is part of a small town house built in 1739 and subdivided in or around 1820.

Of significance for future development and use, is that all the City's museum buildings are within Lancaster's Conservation Area and sit alongside, and make significant reference to, Lancaster's other built-heritage assets including the Castle and Priory, the Judges' Lodgings, the Storey, the Town Hall, the Ashton Memorial as well as the general, and historically significant, city streetscape. These spaces and sites, both individually and collectively, provide a rich vein for city-wide interpretation, particularly through walking trails. Many have been acknowledged by the city's Square Routes initiative<sup>24</sup>.

We note that the City is working towards developing a new City Centre Masterplan and Vision and, as part of this, will adopt visitor destination management plans for both Lancaster and Morecambe Bay to determine priorities to develop the District's visitor economy and its attractiveness for inward investment.

The overall objective of the Corporate Plan (2016-2020) is to maintain sustainable, self-contained and varied group of communities with a population remaining in balance to support its local economy, comprising<sup>25</sup>:

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<sup>22</sup> Alongside Bath, Cambridge, Carlisle, Chester, Durham, Greenwich, Lincoln, Oxford, Stratford-upon-Avon and York.

<sup>23</sup> Listing number 1289088

<sup>24</sup> *Lancaster Square Routes* is a project that aims to rejuvenate the important historic city centre of Lancaster, by "strengthening its position as a quality destination both for visitors and residents of the district". It is being implemented in phases as funding permits. These are 1: Works to Market Square, Frances Passage and Gage St, including Highway and amenity lighting; 2: Works to Market Square, Market Street, Cheapside, Horseshoe Corner and Penny Street including street lighting and pedestrian wayfinding and 3: 'Beyond the Castle' - Developed from the 'City Park' concept, this element is being progressed by Lancashire County Council's Environmental team.

<sup>25</sup> Source: 2016-2020 Corporate Plan, Lancaster City Council.

Morecambe and Heysham	A confident community with a regenerated living, working and leisure environment, acting as a focal point on Morecambe Bay to enjoy and interact with the wider landscape
Lancaster	A prosperous historic city with a thriving knowledge economy
Carnforth	A successful market town and service centre for North Lancashire and South Cumbria
Coast and Countryside	A conserved, enhanced and diversified environment with a network of vibrant rural communities which will lead the North West in its quality of life and environmental and design standard and within which sustainable housing, economic and retail development to meet local needs will be supported

Figure 3: Summary objectives of the visitor destination management plans

In all this, the revitalised museums service can play a major part. It should, and in our view must, be charged with being at the centre of developing the District's visitor economy alongside any and all future initiatives aimed at both local residents and tourists.

By way of additional financial background, it is clear that pressures on local authority budgets have impacted particularly on Lancashire County with the result that the Council has stated publicly that it will close five of its seven museums, including the Judges' Lodgings<sup>26</sup> with a view to saving around £1m a year out of a total budget of £713m<sup>27</sup>.

This, at once, presents problems but also real opportunities for the City: it brings into sharp focus what it has at its disposal, what its assets are, who can – and is willing – to support them as partners and hence begin a new direction for the museums service.

AP+P has advocated consistently through its consultancy engagements with Lancaster that the City should (a) secure its assets and (b) manage them in-house.

### 3.5 Developments in Lancaster District: the 2016-2020 corporate plan

Lancaster has set out its vision for 2016-2020 in its recently-published Corporate Plan<sup>28</sup>.

Important issues that have a direct bearing on the development of the museums service – and which in many ways set its development agenda – are that the Corporate Plan stresses the need for the Council to (**emphases** are by AP+P):

- Bring communities and agencies together to work in **partnership** to address the major issues affecting the district
- Provide a range of customer-focused services that deliver its statutory responsibilities, offer **value for money** and meet the needs of people who live in, work in and visit the district
- Ensure the social, economic and environmental **well-being** of the local area

<sup>26</sup> The Museums Association, 27 November 2015

<sup>27</sup> Lancashire County Council website, accessed September 2016

<sup>28</sup> Lancaster City Council *Corporate Plan 2016-2020* (May, 2016), 20 pp

- Maintain the **strategic advantages of in-house services** to meet local needs
- Capture opportunities for **collaborative innovation** and **income generation** by working with a range of service providers on a collaborative basis rather than through competition
- Provide **value-for-money** services focusing on economy, efficiency and effectiveness particularly by **engaging with communities** and working with community groups to make a positive difference through a wide range of initiatives
- Establish and implement plans for the '**digital workplace**' approach to delivering a computing environment that is focused on understanding and meeting the changing needs of our communities and uses technology to improve the **customer experience** whilst being more efficient and saving money
- Work to **achieve efficiencies** and **protect the services that matter** by taking a collaborative approach where this is effective ... to the delivery and funding of services provided on its behalf by voluntary, community, faith, arts and **culture** groups
- Work to improve the attractiveness of central Morecambe and Lancaster's heritage assets ... (and) ... public spaces ... and aim to improve the focus of **tourism identities** linked to the **branding** of Morecambe Bay and Lancaster
- Facilitate **festivals and events** that will provide economic stimulus to help local businesses across the district
- **Increase the number of visitors to, and visitor spend in, the district**, develop plans to improve the **sustainability** of The Platform and other council-managed performances and complete a detailed feasibility of the potential to improve the quality and sustainability of the city's museums
- Ensure that **sound governance** arrangements are in place to enable the City to pursue its vision effectively as well as underpinning its vision with control and the **management of risk**.

The highlighted words and phrases underpin the observation that the emphasis of the Corporate Plan is on providing value for money across all services by:

*"Getting the most from council assets and resources, maximising the potential of staff, increasing income, reducing waste and improving effectiveness without raising costs. Value for money is regarded as a priority over reducing services when savings are required".*

The museums service needs to be refreshed so that it can respond to this challenge.

### 3.6 Canal Corridor North

The City Council has a commitment to arts and culture as key elements in Lancaster's growth in the context of a Corporate Plan which seeks to improve the District as a place, and to attract and retain both residents and tourists<sup>29</sup>.

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<sup>29</sup> These include festivals and annual events such as *Light up Lancaster* and *Vintage by the Sea*.

As part of this commitment, in June 2016 the Council resolved to support, in principle, the Canal Corridor North development scheme, one of the key elements of which is the potential to include a much-enhanced arts and cultural facility which would become the second anchor to complement the major retail store proposal.

This new facility would include an expanded Dukes theatre and potentially provision for other local arts providers such as LUDUS Dance. Capital grant support is anticipated from national-level funders, including Arts Council England (ACE) up to an initial value of £5 million. The proposal, which includes a partnership of British Land, Lancaster University, the Dukes Theatre and the City Council, has been the subject of an ongoing feasibility assessment<sup>30</sup>.

The City views the successful redevelopment of the Canal Corridor as being of critical importance to the future of Lancaster and the wider District since it aims to regenerate an unattractive and under-performing part of the city, stimulate investor confidence and significantly improve Lancaster's role as a sub-regional retail, leisure and cultural centre. In turn, this improved offer is seen as being important to the future growth of Lancaster University and other major employers in the District wishing to recruit and retain students and staff. The overall objective is thus to create a development that is unique to Lancaster and which can be seen as a leader in cultural-led regeneration.

Of direct importance to the current study is that the Bonnar Keenlyside report makes the following observation:

*“The operating position has shifted considerably since 2013 and it is clear that there is a palpable opportunity for a step change in cultural provision in Lancaster, developing a transformative venue driven by new ideas, multiple partnership and dynamic leadership.”*

The partnering relationships between the public, private and university sectors are not only of general interest but are now seen to influence the way in which national-level funders (such as the ACE and the HLF) view their involvement as capital investors.

### 3.7 Driving principles

The City's priorities sit well alongside the driving principles of a modern museum agenda, which are generally seen by the sector to:

- Maximise income, minimise loss, avoid opportunity-cost
- Break out from the traditional museum walls
- Embrace all that is on offer
- Think of museums as being an essential part of the psychological well-being of the community
- Embrace all spaces and all activities as either locations, partners or both
- Use the collections appropriately, flexibly and on an as-needed basis

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<sup>30</sup> Source: *Future Arts Provision in Lancaster: Update Report, September 2016*, Bonnar Keenlyside



- Avoid set-piece, permanent displays other than for visitor-orientation purposes
- Use every space to the maximum
- Use every space appropriately
- Focus on special and temporary exhibitions that can be used to satisfy demand and, through this, generate income
- Become integrated fully into all relevant initiatives developed by the City
- Be bold in ambition, but tempered by the real world: political, economic and social.

Lancaster has the ability to embrace this agenda. To do this, it needs to take a fresh approach to the use of the assets it has to hand.

The June 2016 report by AP+P<sup>31</sup> made the following observation about the existing service:

*Its weaknesses are that the permanent exhibitions are in urgent need of refreshment, physical access is poor (particularly to the City Museum), visitor numbers are low, collections storage is inadequate and opportunities for outreach programmes and community involvement are not be taken up sufficiently.*

That report went on to observe that the City should address these issues by focusing on those assets under its direct control:

- The City Museum
- The Maritime Museum, comprising the Customs House and Warehouse
- The Cottage
- The Storey
- The Platform and other such venues.

Any additional and potential venues, such as Morecambe Winter Gardens, unused office/industrial space in Lancaster and elsewhere, Lancaster Castle, Morecambe sea front, the Quayside in Lancaster, the Market Square in Lancaster and the wider, rural landscape all offer possibilities that can be brought on at a later date.

The June 2016 report suggested the interrelationships:

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<sup>31</sup> AP+P, June 2016: *Lancaster Museums Study – Future Scope and Benefits*

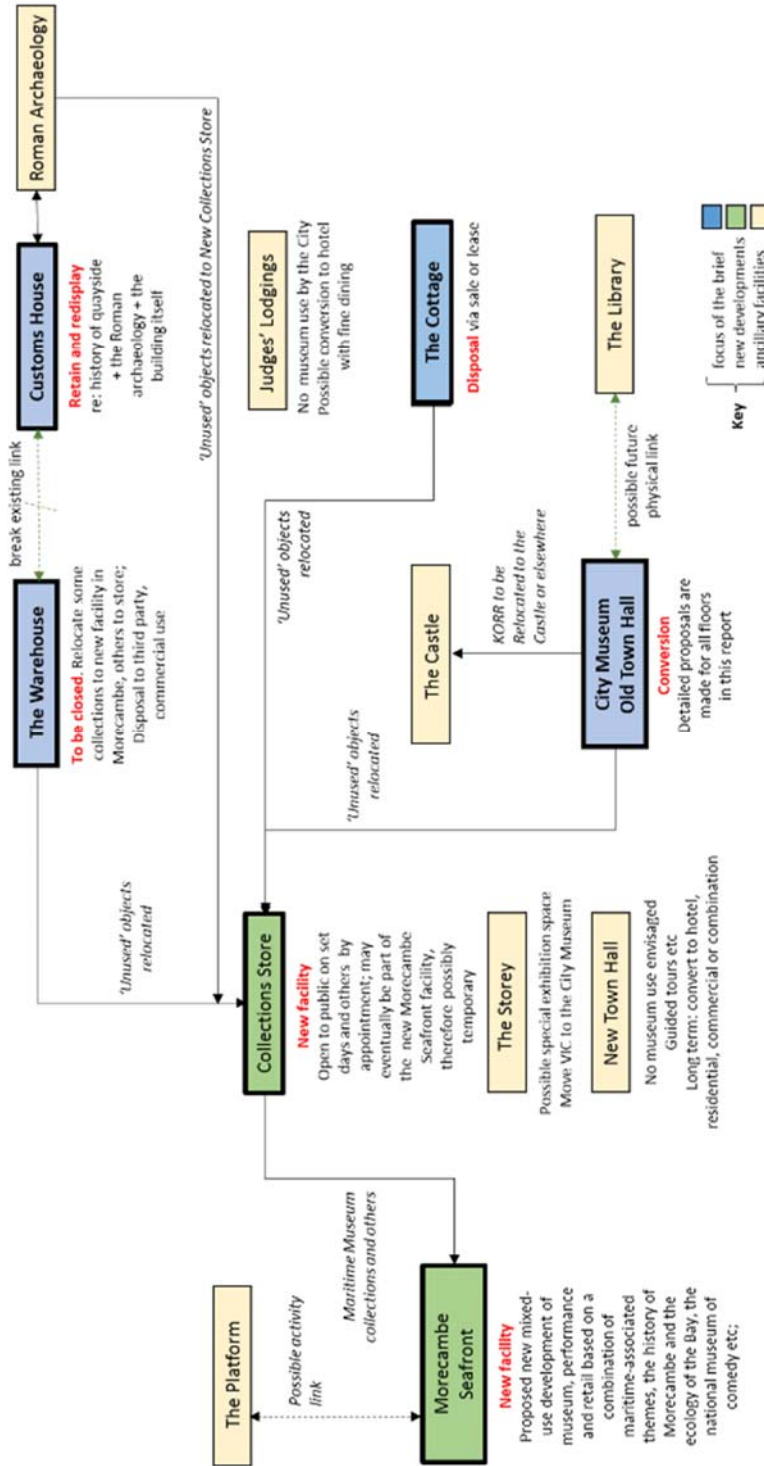


Figure 4: Primary business model from the June 2016 report

### 3.8 Why move the Visitor Information Centre?

At present the Visitor Information Centre (VIC) is located on the ground floor of the Storey Institute on Meeting House Lane in central Lancaster close to the Castle and on the way to and from the main railway station, where it sits as part of a larger offer (offices, café, meeting rooms) owned and managed by the City Council.

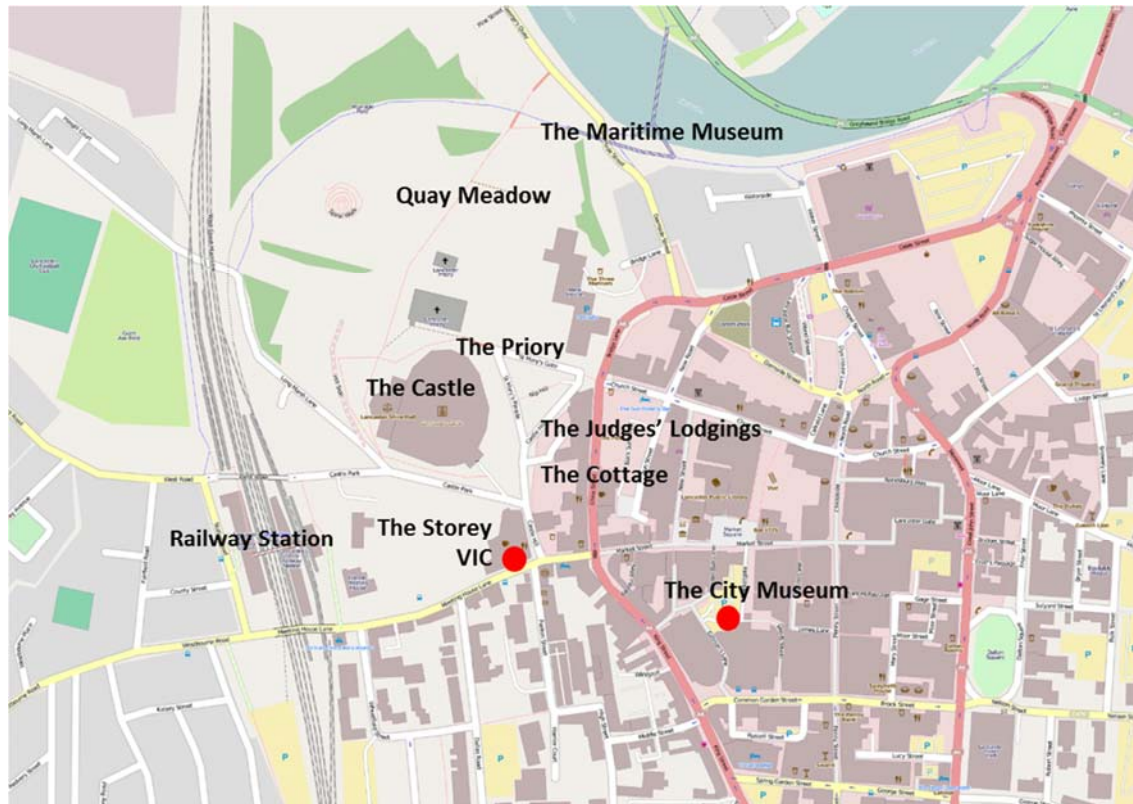


Figure 5: Main attractions in central Lancaster

There is no doubt that the VIC (together with its sister facility at *The Platform* on Morecambe seafront) serves a number of important and high-profile roles for the City – including hotel bookings, providing general visitor information and marketing and selling Lancaster-related merchandise – and has been historically successful in so-doing.

However, this level of success may well be *in spite* of its location.

If one were to plan to locate a new VIC – somewhere, anywhere – in the City where would it be? Inside an essentially institutional building outside the central core of the City with a poor on-street presence, or part of a welcoming, visitor-oriented museum and interpretive experience in the very middle of the essentially pedestrianised Market Square?

One can easily envisage that whatever the footfall for the VIC is/was at the Storey, the City Museum will increase it significantly, particularly as the Museum will be the primary focus for all visitors to the

City and, from there, to the wider District. One of the primary purposes of the revitalised City Museum is to be the main visitor orientation hub for the City and to provide a far-broader and richer museum- and information-based facility than at present.

This is not merely anecdotal, it is based on the understanding that visitors to the City (any City) will seek out a place of reference, of focus, before making additional trips into the District. Everybody does this in a new place, and visitors to Lancaster are no different. This provides the core, strategic rationale for proposing the VIC's relocation. Thus, putting the VIC within the Museum (as the main interpretive resource for the City and its District) makes absolute sense from a visitor perspective, particularly as the museum will be marketed and promoted as the first port of call for all visitors to the City. It also means that the people-focused and retailing skills of the existing VIC staff can be used front-of-house in the museum to give the latter a warm, welcoming atmosphere alongside the greater feeling of activity that will be engendered by the VIC's presence.

Moreover, moving the VIC to the heart of the new Museum also means that the space currently occupied by the VIC in the Storey can be used for other, additional income-generating purposes which will only be of benefit to the City, particularly as we understand that space at the Storey is currently at a premium, with long-term bookings being particularly problematic.

In this way the City would be able to generate additional, externally-sourced revenue since at present the Council effectively pays itself for the use of this space, together with all associated building costs. Overall, this approach will produce financial benefits over-and-above the savings covered in this report in much the same way as the potential revenue generated by the re-use of the Maritime Museum buildings. Whilst these additional incomes are not specifically part of the business model shown in this report, they are highly relevant as these additional business opportunities are created as a result of the redevelopment proposals for the museums service as a whole.

It is, of course, possible for some tourist information material, perhaps in the form of a leaflet dispenser or a digital presence, to be on hand at the Storey through an unstaffed facility. From information supplied by the City Council, it is possible that the move of the VIC to the City Museum could save the Council around £30,000 a year in terms of rates, building and associated costs. This may, in fact, be a conservative figure as no account has been made of any (probable) business rate increases in the current financial round.

### **3.9 Resource management: outsourcing -v- insourcing**

Under the terms of the existing Museum Partnership Arrangement, the City effectively outsources the operation of its museums to the County for an annual fee.

Outsourcing – the process of contracting an existing business function or process to an independent organisation and ceasing to perform that function or process internally – is a common feature of the wider, commercial, economy. It is differentiated from placing a service contract where specific tasks (such as legal or object-conservation services) are contracted to support in-house management. In general, outsourcing tends to operate at the third (lowest) level of business processes:

Level 1	Management processes that govern the operation of a business, including corporate governance and strategic positioning
Level 2	Operational processes that constitute the core business and create the primary value stream including branding, marketing, sales and front-of-house
Level 3	Support processes that aid in the delivery of operational work such as accounting, IT and recruitment

Figure 6: Levels of outsourcing

The primary objective of the organisation instigating the outsourcing is to reduce costs (primarily staff costs) whilst maintaining an acceptable level of delivery of the service for a known, and agreed, annual fee. Historically, such services have been related to narrow functions (such as payroll, billing and data entry) but have grown over the years to include IT and business processes (such as call centres, claims processing, and accounting). Typically, such outsourcing deals involve multi-year contracts and the transfer of the people performing the work from the client to the outsourcing agency. This is precisely the case exhibited by the existing Agreement between the City and the County.

Each of the three levels of the business process cited above is designed to add value for the customer through increased effectiveness, and to reduce costs to the business through increased efficiency.

However, it is rare for Levels 1 or 2 functions – those that govern strategic planning and the creation of the primary value stream – to be outsourced (as is the case under the existing Agreement) since these Levels define the very heart and soul of the business or service ... what it stands for, and what it wants to become.

Insourcing (the opposite of outsourcing) is the delegation of operations from within a business to an internal, possibly stand-alone, entity that specialises in that operation. As a business model, insourcing maintains the in-house control of critical competencies, functions and strategies, especially – and crucially – at Levels 1 and 2. At its simplest it is, according to McKinsey & Co, the result of “the decision to stop outsourcing”<sup>32</sup>.

The key question is thus:

*Can the City's museums service operate more effectively, contribute more to the City and provide greater value for money if it were managed in-house, or outsourced as at present?*

### 3.10 Proposed developments

These principles were accepted as a way forward to be tested by the present feasibility study. With this in mind, and after further briefings and discussions, the key elements and their relationships have been developed in this report as:

<sup>32</sup> McKinsey Global Institute, the ‘business and economics research arm’ of McKinsey & Company, the global management consulting firm.

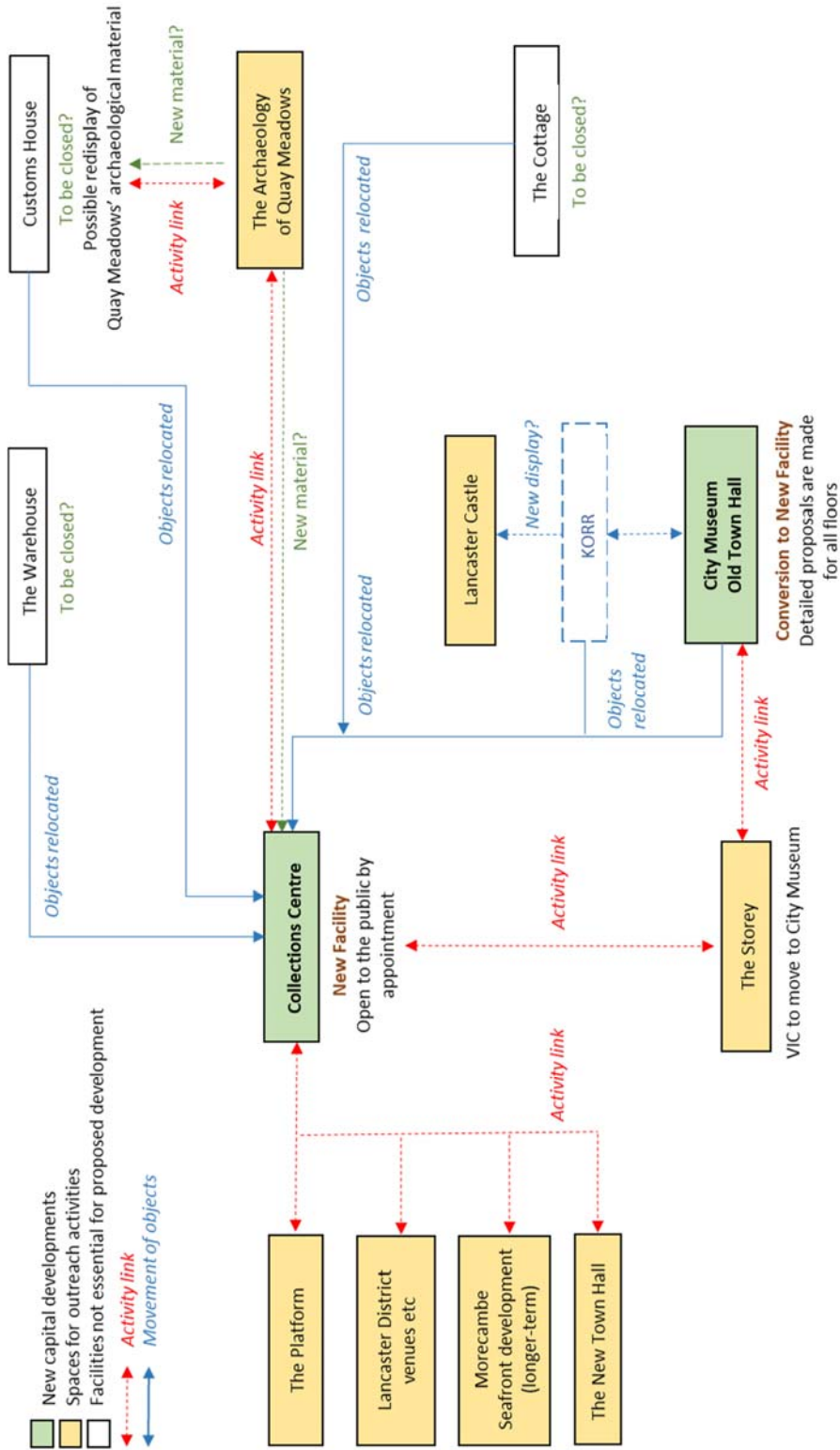


Figure 7: The proposed revised business model

In summary, the proposed developments, together with whether they carry headline cost implications for the City Council, are:

Venue	Proposal	Cost Implications		Revenue
		Capital	Revenue	Savings
The City Museum	Redevelopment	Yes	Yes	Yes
The Maritime Museum				
Warehouse	Disposal	No	No	Yes
Customs House	Possible redevelopment	No	No	Yes
The Cottage	Disposal	No	No	Yes
The Collections Store	New development	Yes	Yes	No
Enhanced Digital Presence	New development	Yes	Yes	No

Figure 8: Headline cost implications

The two main physical development proposals are thus (a) the redisplay and redevelopment of the City Museum and (b) the creation of a central Collections Centre.

Other facilities over which the City has control, such as the Storey and the New Town Hall, *could* be used for special and temporary exhibitions if and when they are available. However, they do not feature in the financial models.

Provision should also be made for an enhanced and dedicated digital upgrade, including a new web presence and the refreshed use of digital media. Virtual Reality costs are also to be considered and are included in the financial models.

The financial implications of these proposals are developed in Sections 8 and 9 of this report, which consider issues of governance, staffing, investment, capital cost, operational cost, revenue funding and income.

The development philosophy recommended here is one of minimising operational risk by creating an in-house, insourced, heritage resource for the City that will not only run the museums under a new business plan but will also contribute to the operation of other suitable sites under the City's direct control.

The overriding aims are (a) to deliver value for money, and (b) to contribute directly to the wider economic and cultural prosperity of the District.

### 3.11 Value for money considerations

In short, this report is about much more than saving money.

It is about creating a service that can look beyond the museums into the wider leisure and learning environments of Lancaster and its District and make a real, and highly valued, contribution to the future well-being of both.

The emphasis is thus firmly on *value, delivery and benefit*.

Value for money (VfM) is usually defined in terms of the combination and interaction of three descriptors: economy, efficiency and effectiveness; the objective being to create an acceptably low-cost, high-productivity service delivering successful outcomes which is, as far as possible and realistically projectable, future-proofed.

It is clear from the material researched for this report that VfM studies are not regular occurrences in museum services across the country – and even where these have taken place there is anecdotal doubt over the reliability and validity of the methods used, and hence the results obtained.

Thus, an initial – and urgent – first step in approaching VfM for the museums service is to establish – and, above all, carry out – annual assessments of the service’s performance. As a start, benchmarking should take place as soon as possible so that the effect of the new arrangements can be assessed. This is a vital activity since one of the criteria set for assessing whether the transfer of the museum operation from the County to the City is worthwhile is VfM and, unfortunately, the tools are not available at present to research this.

Even with this lack of verifiable data, the level of public subsidy per visitor (and hence a very broad criterion for VfM) can be approximated using existing information, and these are explored in later Sections of this report.

The key with VfM as it applies to the economy of the District is in generating two key outcomes: (a) increased overnight stays and (b) the uplift of rateable income through the regeneration of urban areas: so-called Planning gain in the urban realm.

If visitors can be encouraged to spend just one extra night in the District then the benefits for jobs, local firms, hotels and the general infrastructure would be huge<sup>33 34</sup>. Moreover, if the redevelopment of the City Museum leads to the reengagement of profitable businesses in (say) New Street and the surrounding area then real Planning gains can be realised within the urban fabric.

The progressive aim is thus to produce and maintain a high productivity, low risk service that generates third party income through overnight stays in the District as well as increased tourism spend from day trippers.

But VfM can be seen in wider terms than simply monetary value. The whole concept of *Social Return on Investment* (SRoI) is a principles-based method of attempting to assess any intervention’s extra-over financial value that can offer real returns to a community.

These values may emerge in terms of environmental, cultural, educational or social benefits that simply cannot be measured using standard accounting techniques.

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<sup>33</sup> The latest (2015) figures from *Marketing Lancashire* suggest that the number of nights spent by visitors in the county grew by 2.3 per cent with an average stay of 3.1 nights. This increase in visitor nights also helped towards an overall increase of 3.8 per cent in total visitor spend of £136m – up to £3.68 billion. In Lancaster, 7.1 million visitors spent an average of 3 nights and generated £415 million. Hence an increase of one night would add a further £140 million to the District’s economy.

<sup>34</sup> Whilst little research has been undertaken in the UK, in the USA work by the *American Alliance of Museums* suggests that, on average, ‘museum tourists’ spend 63% more in the local economy than ‘average’ travellers. Source: American Alliance of Museums website, accessed November 2016.



A number of organisations<sup>35</sup> have established methods of assessing SRoI, most using a combination of qualitative and quantitative inputs that produce information summarising the intervention’s positive social-return outcomes.

As these methods are used on real projects, all that can be said here is that it is highly likely that the interventions described in this report will add significantly to the overall VfM considerations set out by the following analysis by adding to the social returns across Lancaster and its District:

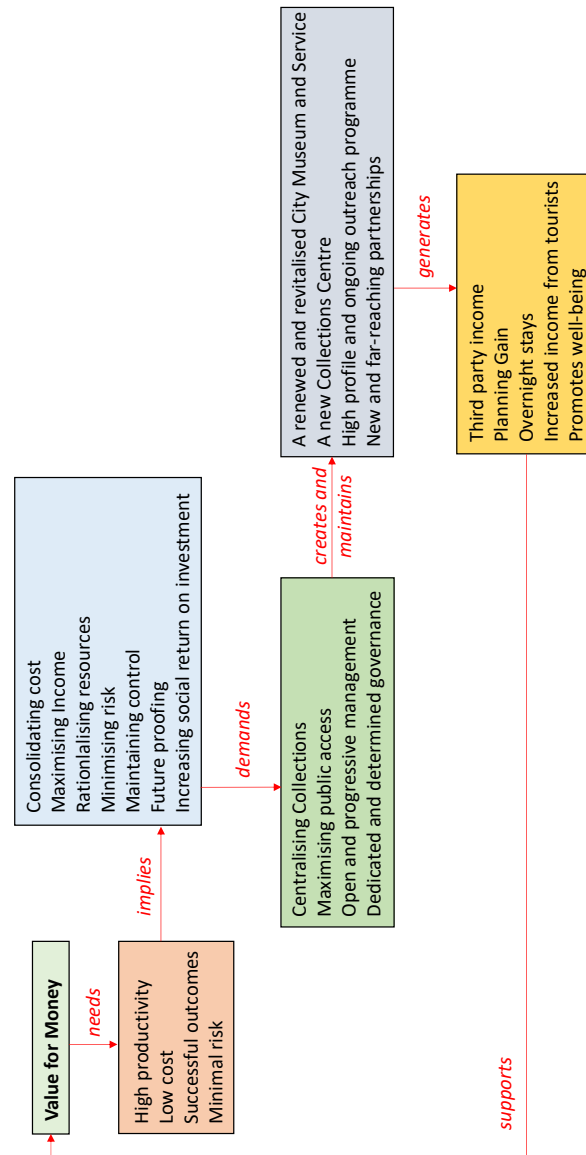


Figure 9: Overall VfM plan

<sup>35</sup> See, for example, Millar; Hall (2012). "Social Return on Investment (SROI) and Performance Measurement". Public Management Review. 15: 923–941

## 4 A New Collections Centre

### 4.1 The collections

The City Council's museum collections consist of approximately 353,000 objects across a range of subject areas<sup>36</sup>:

<b>Archaeology</b>	The core collection consists of approximately sixty material archives from excavations, field surveys and casual finds from the District. Associated documentary material is also held for some of the archives. The collection consists of ceramic, bone, glass and metal from the Paleolithic to the 19C
<b>Fine Art</b>	The collection consists of approximately 1,800 works dating from the 17C to the present day and consists of works in oil, acrylic, watercolours, prints and drawings as well as a small group of sculptures, posters and artists' photographs. The scope of the collection covers local topography, personalities and genre scenes, works by local artists and printers and material related to the towns twinned with Lancaster (Aalborg (Denmark), Almere (Netherlands), Lublin (Poland), Perpignan (France), Rendsburg (Germany), Växjö (Sweden) and Viana do Castelo (Portugal))
<b>Decorative Art</b>	The collection consists of approximately 1,000 items of ceramics, furniture, clocks, metalwork, glass and ivory including important pieces of furniture in carved oak by local cabinetmaker Gillow and an associated archive of 129 interior design drawings from the first quarter of the 20C and is a companion collection to a further 175 such drawings held by the V&A
<b>Trade and Industry</b>	The collection includes artefacts that represent the rise, and sometimes fall, of local trades and industries. The collection is strongest for the 20C and includes examples of clogging, saddle-making and smithing, glassware, linoleum-making (particularly by Williamson and the Storey Brothers). Material related to the history of local transport is also present, including that relating to the Morecambe Bay cross-sands routes and Lancaster Canal
<b>Maritime History</b>	The collection consists of artefacts, prints, paintings of maritime themes, documents and other material relating to the history of, particularly, Morecambe Bay, local rivers and coastal areas. These include subjects such as the history of fishing, boat-building, maritime crafts, the seaside tourism industry, coastal defence and local types of boat, including the Morecambe Bay Prawner
<b>Natural Sciences</b>	The collection consists of a very small number of entomology and geological specimens of primarily local origin
<b>Numismatics</b>	The collection consists of a significant range of items including pre-18C locally-found coinage, tokens struck for local tradesmen, commemorative medals and locally-found coin hoards
<b>Social History</b>	The collection consists of objects, documents and visual material representing the changing nature of domestic and family life, working life, social life and leisure and is particularly strong when representing the first half of the 20C. There are significant collections of prints, photographs and negatives covering local topography, portraiture and events, material associated with the two World Wars, social institutions and services (the police and fire brigade) and a small collection of firearms. The collection includes 2,500 maps, tickets, labels and advertising ephemera of primarily local-to-Lancaster interest

Figure 10: The primary museum collections

<sup>36</sup> Source: The Collections Development Policy for Lancaster Museums under the Accreditation scheme for Museums and Galleries in the United Kingdom and registered with the Arts Council

In terms of future growth, the current policy is to continue to collect specified material originating in, or of direct interest to, Lancaster District and in this it takes due cognisance of other adjacent kindred bodies to avoid unnecessary duplication and the waste of resources.

Active collecting areas, subject to funds and other resources such as suitable storage conditions, are:

<b>Archaeology</b>	All areas, but particularly Iron Age and Early Medieval
<b>Fine Art</b>	Those pieces with a strong local association, particularly of 20C topography and the evolution of industrial Lancaster and the wider Lune Valley
<b>Decorative Art</b>	Only those pieces with a strong local association, such as those produced by the Luneside Pothouse on St George's Quay between 1754 and 1786
<b>Trade and Industry</b>	Pieces that reflect the rise and fall of local industries will be considered, providing they are of a size that can be stored under correct circumstances
<b>Maritime History</b>	Those pieces with a strong local connection with the exception of maritime vessels
<b>Natural Sciences</b>	No planned collecting activity
<b>Numismatics</b>	Those pieces with a strong local association
<b>Social History</b>	Those objects, documents and visual material that represent the changing nature of domestic and family life, working life, social life and leisure, particularly for the second half of the 20C onwards including student life, prisons and seaside entertainment.

Figure 11: Active collecting areas

The movement of the City's collections from their current locations to a new Collections Centre provides a once-in-a-generation opportunity for the curatorial staff to assess not only each object but the collections as a whole and to determine their future conservation requirements as well as the potential disposal of duplicate or unwanted material, all of which is provided for under the terms of the service's existing Accreditation<sup>37</sup>. ACE's headline view is that 'museums should always act carefully, responsibly and ethically when disposing of items from their collections'. This is a maxim under which the service will operate.

As the KORRs' material is held in Trust for the Regiment, and is thus not owned by the City, any future conservation work on that material, and indeed where it will eventually be exhibited, falls outside the scope of the current study.

The conservation of historic and cultural objects, particularly those made of composite materials or requiring expert handling and care, can be an expensive and time-consuming affair as each object must be assessed individually<sup>38</sup>. For example, the conservation of a painting may require no more than the simple lifting of surface dirt or grease, or it may need the removal and replacement of aged,

<sup>37</sup> Both the City and the KORR are were Accredited in March 2006 with reference numbers 222 and 224 respectively under the Museums, Libraries and Archives Council's (MLA) Accreditation scheme – now operated by Arts Council England – which sets nationally-agreed standards for care of collections. It defines good practice and identifies agreed standards, thereby encouraging development. It is a baseline quality standard that helps guide museums to be the best they can be, for current and future users. There are currently more than 1,700 museums participating in the Scheme across the UK. (Source, ACE website).

<sup>38</sup> For an overview Prince, D R et al '*The Manual of Curatorship: A Guide to Museum Practice*' (Butterworths Scientific); various editions. Section II: Collections Management.

yellowed or discoloured varnish, or the replacement of missing sections of paint to, in extreme cases, the repair of physical damage, such as tears and holes in the canvas or the replacement of the entire frame<sup>39</sup>.

What is clear, however, is that in an environment where financial resources are scarce (and where grants for restoration and object conservation are tight<sup>40</sup>) the City must take a highly pragmatic view of its future object-conservation activities separating what *must* be conserved from what may be desirable to be conserved on an as-needs basis underpinned by a clear and demonstrable strategy underpinned by value-for-money considerations.

One way of approaching this would be to divide the objects into three groups and to assess and cost each group separately as the proposed Collections Centre becomes populated. Possible groupings are shown below where the table provides not only a rationale for the handling of the collections but also a brief for the future conservation effort, the aim of which is to minimise the cost of intervention whilst ensuring that the outcomes of both the Interpretation and Audience Development Plans are delivered.

Under the existing Management Agreement, the City pays the County in the region of £55,000 a year for conservation and collections management services, including exhibitions, design, marketing, documentation and outreach. Of this, perhaps 25%-30% is nominally assigned to 'conservation'; say £15,000; it is impossible to be more precise.

1	Essential	Those objects needed for display in (a) the City Museum as part of its development, reconfiguration and redisplay in line with the Interpretation Plan and Audience Development Plan or (b) as material to be used for the first run of special or temporary exhibitions
2	Desirable	Those objects which, when stored in the Collections Store, may pose a risk to other objects by, for example, the transfer of pests or rot – note: an initial, cost-effective intervention would be to isolate these in quarantine areas in the Store (which will be needed as part of the overall facilities) and conserve them on as-needed, as-when basis
3	Surplus	Those objects which are either 'beyond conservation' (that is, their conservation would require such a degree of intervention as to make them, essentially, 'new') and those objects which are declared 'surplus to need' or are which in the process of disposal.

Figure 12: Defining object-conservation need

<sup>39</sup> As just one example, art conservators Appelbaum & Himmelstein make the broad assessment that a small painting with an 'average amount' of restoration work can cost around £1,000; a larger painting with damages can cost anything from £15,000 upwards depending, particularly, on the artist. (Source: Appelbaum & Himmelstein website).

<sup>40</sup> Some of which are managed by The British Library, which should be seen as a primary reference source.

## 4.2 Current arrangements

Lancaster City's museum collections are currently stored in the City Museum, the Warehouse (part of the Maritime Museum), the Cottage and the OAN store in Preston. Other elements of the collection are either on display, on loan – for example to the Judges' Lodgings Museum or the Museum of Lancashire, are in temporary storage, or are items currently going through the Portable Antiquities Scheme process (see Appendix B).

The current storage arrangements mean the collections are:

- Poorly accessed by curatorial staff
- Inaccessible to the public
- In some cases, at risk due to flooding and adverse environmental conditions.

A detailed review of the collections, augmented by site visits to existing collections stores (including 'The Collection' in Lincoln and the new 'Chadwick Resource Centre' in Bolton) led to the conclusion that a new central collections storage facility was required.

## 4.3 Consolidating the collections into a new centre

A new Collections Centre in Lancaster will enable the collections to be brought together in a controlled environment which complies with current best-practice guidance for the storage of archival and museum material and provides essential curatorial support facilities. Public access for school groups and research purposes will be permitted by prior arrangement and areas of 'open storage', within the centre, will facilitate this. The centre will not, however, function as a museum in its own right.

The actual process of co-locating the collections will enable the condition of individual objects to be assessed and conservation requirements to be determined, as well as re-cataloguing and the identification of suitable material for future exhibitions.

The objective is to create a new accessible, sustainable, secure store and research facility to house the City's entire collections, enabling objects to be easily selected and retrieved by staff and accessed by researchers and visitors. Either a refurbished, existing light industrial building or, alternatively, a new build on a Council-owned brownfield site will be considered. Ideally, the new resource should be located within Lancaster District in an area which is served by public transport and easily accessible for museum staff, school groups and local residents.

As part of a separate but parallel study to this one, Carillion plc, the Council's Regeneration Property Partner, has identified three possible brownfield sites in the Council's ownership at Heysham, on the White Lund Estate and the Yacht Club at Morecambe based on a brief provided by AP+P. Please see that report [Section 3c] for details<sup>41</sup>. The preferred location is the White Lund Estate for the reasons given in their report.

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<sup>41</sup> Source: Carillion plc: *Lancaster Maritime and Cottage Museums - Regeneration Opportunities - Stage 1 Report* (January 2017), prepared by S J Holland FRICS

The following schedule, produced by a review of existing conditions and a projection of future requirements (and which served as part of the brief to Carillion), indicates that a building of some 1,500m<sup>2</sup> GIA<sup>42</sup> would provide sufficient space for the storage of all the collections under suitable conditions, as well as allowing for a potential growth of collected material of 25% by space occupied:

1	<b>Storage Space</b>	<b>m<sup>2</sup></b>		
2	<b>Maritime Museum</b>			
3	Dedicated Stores	420		
4	Objects in exhibitions	300	(900m <sup>2</sup> x 0.333)	
5	<b>City Museum</b>			
6	Dedicated Stores	180		
7	Objects in exhibitions	250	(750m <sup>2</sup> x 0.333)	
9	<b>Large Objects + OAU(N)</b>	300	(See Appendix B)	
10	<b>The Cottage</b>			
11	Objects in exhibitions	50	(150m <sup>2</sup> x 0.3333)	
12	<b>Totals</b>	<b>1,499</b>	<b>m<sup>2</sup></b>	<b>(38 x 38 m)</b>
13	Racking factor (-30%)	1,050	(x 70%)	
14	Future proofing (+25%)	1,312	(x 1.25)	
15	Offices and staff facilities	100	(figure)	
16	Conservation facilities	150	(figure)	
17	Sub-total	1,562		
18	Circulation etc (20%)	312		
19	Total on one floor	1,874		
20	Assume 25% mezzanine	469	(x 25%)	
21	GIA required	1,406		
22	<b>Therefore</b>	<b>1,500</b>	<b>m<sup>2</sup></b>	<b>(39 x 39 m)</b>

Figure 13: Collections Centre space requirements

Based on this schedule, a total ground floor area of approximately 1,200m<sup>2</sup> is required with a mezzanine level of approximately 300m<sup>2</sup>, accessible by lift. Therefore, a building footprint approximately 40m x 30m and an eaves height of 6m is envisaged.

A full-height loading bay is also required, ideally with sufficient adjacent storage space, to act as a quarantine zone for new deliveries, to prevent pest infestation. Allowing for large vehicle turning circles and car parking the overall site dimensions will need to be of the order of 60m x 40m.

Underpinning this thinking is that the Collection Centre does not operate, or be seen to operate, as a museum in the sense of attracting day-to-day visitors. It is a resource for use on a pre-booked basis. Offering this facility as a come-as-you-please museum would undermine the viability of the entire business model as constructed and would require an entirely new scenario to be developed. We have in the past anticipated the need for, say, a Morecambe-based museum, but this is most definitely not it and it is outside the scope of this report.

<sup>42</sup> GIA: Gross Internal Area - Gross Internal Floor Area is the area of a building measured to the internal face of the perimeter walls at each floor level, and which includes areas occupied by internal walls and partitions, columns, piers, chimney breasts, stairwells, lift-wells and other internal projections, vertical ducts and the like.

#### 4.4 An indicative physical design for the collections centre

The following model represents an idealised arrangement which meets the requirements of the outline specification for a new collections centre.

The accommodation comprises a curatorial/public zone separated from the main storage area by a corridor which provides an additional environmental buffer.

This 'human' zone' includes a conservation studio, research/meeting room, curatorial offices, WCs, a kitchen, sluice room and communications room.

Vision panels in the wall separating the corridor from the adjacent storage area would enable selected items from the collection to be showcased for the benefit of visitors as part of an 'open storage' regime.

It will be important to highlight the project's 'accessibility' credentials, in terms of improving both physical and intellectual access to the collections, when it comes to applications for funding to the Heritage Lottery Fund in particular.

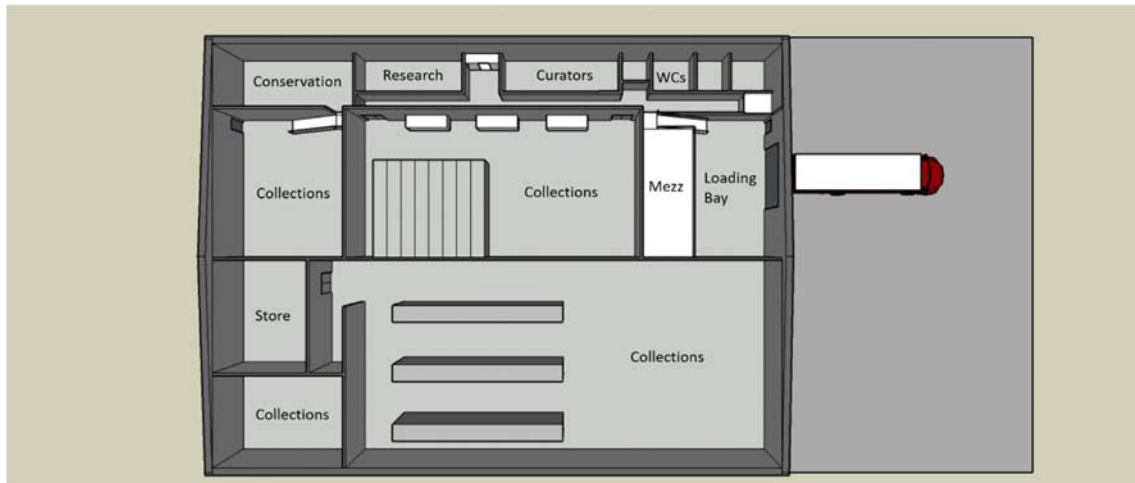


Figure 14: Ground floor plan of model Collections Centre

The remaining ground-level storage area is subdivided by full-height masonry walls to provide a number of discrete, yet open-plan spaces. These will be fitted out with a range of fixed or mobile shelving as appropriate for the storage of the different collections. At this stage, collections have not been allocated to specific storage areas so the layout indicated is notional.

It is envisaged that objects will be retrieved manually by curators using a mobile platform ladder (in accordance with Health and Safety standards) rather than by an automated system. Objects that are likely to be accessed rarely could be placed on the highest shelves, ie above 4m height, and could be retrieved by forklift, by arrangement, on an as-and-when-required basis.

Mezzanine levels will generally be used to store smaller boxed items on reduced height fixed racking. The facility is to be fully accessible to wheelchair users with a platform hoist providing access to mezzanine levels in addition to stairs.

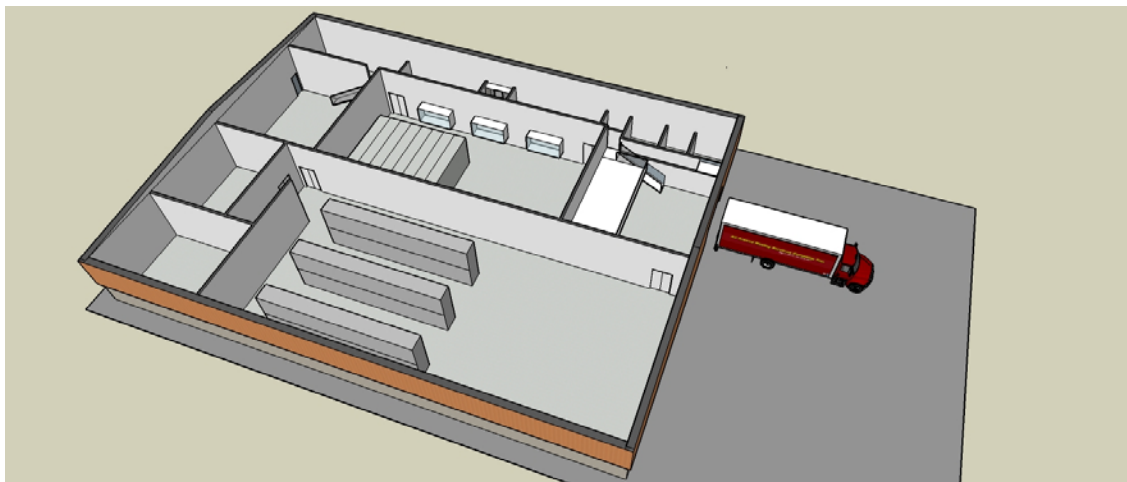


Figure 15: Aerial view of model layout showing spatial relationships and mezzanine levels

The British Standards Institute's *PD 5454:2012* is an amalgamation and full revision of *BS5454* and *PD0024*. The PD provides detailed guidance on the nature of archival materials and best practice for their storage and use as well as guidance regarding a new repository building. *PD5454* encourages low-energy solutions and the acceptance of gradual seasonal change which has made it possible to comply with storage guidelines without resorting to full air-conditioning; ie a temperature range between 13°C–20°C and relative humidity between 35%RH-60%RH<sup>43</sup>. It goes without saying that environmental and economic sustainability should be considered at all stages of the project.

Power and heating should be all electric, rather than gas, to reduce the use of fossil fuels. Roof-mounted solar (Photo Voltaic) panels will enable the store to benefit from low-to-zero electricity costs as well as a 'Feed-in-Tariff' (FIT). A *powerPerfector* or similar unit would regulate the voltage supplied in relation to that required, further reducing energy use and cost<sup>44</sup>.

Lighting should be controlled by motion sensors reducing energy use by minimising the time lights are on, lights go off automatically when spaces are unoccupied. The staff/conservation/research areas should benefit from windows providing natural daylight and ventilation, thereby reducing the need for electricity further.

However, this does require the building to be extremely well insulated and sealed in order to maintain relatively stable internal environmental conditions. Roof and wall construction needs to achieve very low 'U' values (the measurement of heat loss) and may require insulation up to 1m depth and 500mm

<sup>43</sup> This guidance has been adapted to recognise a different approach to environmental management. This allows for environmental fluctuations to occur within recommended parameters, such as can occur with seasonal changes, instead of a tight level of stability and control being recommended around set points for temperature and relative humidity. The recommendations in *PD 5454:2012* have been designed to help create and maintain appropriate conditions for document storage and use, and to enable a repository for archives to be built or converted to a high standard. They can be used where an archive is located in a mixed use development and can also be used as guidance for custodians of collections in historic buildings, defining best practice for archival materials while recognizing that best practice for the conservation of a building might require a compromise, based on a risk assessment.

<sup>44</sup> This technology aims to produce savings by efficiently optimising energy supply voltage and by this reduces energy costs.



depth respectively, as well as insulated roller shutters. Additional environmental control will be required in some storage areas depending on the nature of the material being stored and this will be provided by local dehumidifiers.

Localised electric panel heaters will be required for occasional use in winter to prevent temperatures dropping below 10C. De-stratification fans may be required in large storage areas to reduce pockets of static air and temperature differences in the space.

The internal building fit-out must minimise the risk of pest infestation to the museum collections and materials should be selected which are low-maintenance, provide easily cleanable surfaces and enable the building envelope to be effectively sealed. Construction voids generally should be minimised to prevent rodent nesting. Internal finishes should be smooth and continuous to minimise dirt and dust build-up with furniture and fittings being made of non-absorbent materials. As a matter of principle, this report recommends that the Centre is open for public viewing by appointment only since the objective of the Centre is to be the underpinning resource for the service as a whole rather than as some form of quasi-museum. The Centre is to be a technical and professional resource rather than a visitor attraction. Moreover, both capital and operational costs would increase significantly if the Centre were to be fully open to the general public.

#### **4.5 Comparator facilities – *The Collection, Lincoln***

The Collection at Lincoln is a purpose-built museum with an integral collections storage facility completed in 2005. Taking advantage of the sloping site, the collections storage facility, with a floor area of some 1,200m<sup>2</sup>, is located in the basement. The facility consists of storage areas with a range of mobile and fixed racking, conservation and exhibition workshops, a large goods lift and a loading bay.

The 4.5m high spaces are fully air-conditioned providing a controlled environment consistent with BS5454, the relevant standard for archives at that time. Collections in storage include: Archaeology, Fine Art, Decorative Arts, Numismatics, Sculpture, Arms and Armour, Horology, Geology, Natural History and World Cultures.

Importantly, the facility also complies with Government Indemnity Standards<sup>45</sup> enabling loan material and touring exhibitions to be handled.

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<sup>45</sup> By way of guidance only, the GIS exists for public benefit. It aims to enhance and widen access to objects of a scientific, technological, artistic or historic nature. By giving undertakings to lenders, the GIS enables certain institutions to borrow objects to an extent they could not otherwise afford. The scheme therefore facilitates loans to museums, galleries, libraries and other kinds of bodies such as the National Trust as well as between each other.



Figure 16: Top - *The Collection*, Lincoln; bottom – basement storage

#### 4.6 Comparator facilities – the Chadwick Resource Centre, Bolton

The brief for a new collections store for Bolton Museum was to provide much improved conditions and increase access to over 40,000 objects, whilst reducing operational costs, within a capital budget of £1 million. This limited budget was to include the entire build, fit-out and movement of collections as well as some additional staff costs.

The project began with a derelict industrial unit on a Council-owned, polluted, brownfield site. The existing building had ½-height brick walls with steel framed and clad, upper walls and roof. Only the

outer brick walls concrete floor and primary steelwork were reusable. However, in many ways the site proved ideal for the development of a museum store:

- A standard steel-framed, industrial unit would be relatively easy to upgrade, convert and insulate
- An eaves height of over 4 metres would make it possible to maximise the use of the building footprint
- Easy public transport links and car parking would make it easy for staff and visitors to access
- A large, secure, delivery area would allow museum objects to be easily loaded and off-loaded.

The majority of the objects to be transferred to the new store were relatively robust, large industrial items which would withstand some environmental fluctuation. Four smaller groups of objects would need some level of control to be available when required. Before spaces were allocated, consideration was given as to where different collections and material types would be stored. The final arrangement was a combined approach of storage divided mostly by collection and also object size to achieve the best use of space.

The project design team embraced *PD5454:2012*, the new standard for archives which emphasises low-energy solutions and acceptance of gradual seasonal change. The decision was taken not to install expensive air-conditioning in the building, with no active controls in the large spaces and only dehumidifiers in smaller areas where more sensitive objects would be stored. In order to create acceptable internal conditions through a passive, low-energy solution, the building was super-insulated and sealed. Consequently extremely low 'U' values for the building envelope of the order of 0.10 W/m<sup>2</sup>/K, were achieved. The Chadwick Resource Centre is now viewed as an excellent example of sustainable development and Bolton Museum is regarded as a leader in sustainable collections care<sup>46</sup>.



Figure 17: The Chadwick Resource Centre – exterior

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<sup>46</sup> Source: Pierrette Squires (2014) *Sustainable Collections Care on a Budget: A new museum store for Bolton, UK*



Figure 18: The Chadwick Resource Centre – storage facilities

## 5 Audience Development and Marketing

### 5.1 Context

People visit museums through choice.

This obvious statement has important implications because it implies that those who do not visit also do so by choice. These non-visitors are not simply waiting for the museum to contact them, they are actively engaged in other activities which they have chosen to do instead.

If a museum, any museum, continues to offer the same service year-on-year then its audience will be both self-reinforcing (some non-visitors may feel excluded, many simply won't care) and declining.

However, as an important part of the public realm, local authority museums have an obligation and a responsibility to offer their services to as wide, and to as large, a public as possible.

It also makes economic sense: if the market can be broadened and the penetration rate increased, the service is, by definition, providing greater value for money and making a direct contribution to the real economy.

To be successful in this, museums therefore need to offer a range of services in a number of places to diverse audiences. Simultaneously, they must seek to maintain their existing visitors whilst engaging with others. This implies that the service needs to address its audiences in a number of ways and to be sufficiently flexible to meet changing expectations and changing circumstances.

The target we have set for the City Museum is to raise its visitor numbers from its current 50,000 to 150,000<sup>47</sup>. In order for the City Museum to achieve this there needs to be a radical reappraisal of how it goes about things and a fundamental change in its offer to meet modern expectations.

The first is a matter of attitude; the second a matter of using up-to-the-minute methods of communication. And both are needed.

The best national and regional museums are embracing new technology (such as virtual reality, VR) to provide a step-change in the visitor experience and the way in which collections are interpreted and themes are presented.

Advances in the gaming industry, the widespread use of computer-generated imagery and CGI animation in films, television and other digital media, and the vast improvements in drone technology, have together produced more reliable hardware and affordable software to provide dramatic and enthralling individually-immersive experiences. Whilst these techniques are now commonplace in mainstream media, Lancaster would be in the vanguard of their use in a district-wide museum context – an ambition which we believe it should, and must, embrace.

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<sup>47</sup> The rationale for this is set out in Section 5.4 of this report.

But the City Museum is, after all, a museum. And hence any new forms of interpretation must be interwoven with the primary objective of bringing people face-to-face with the real thing, with the actual objects, with the collections. It is thus *how* the new methods and the artefacts interact that provides the new museum experience.

There is, of course, a cost to this type of presentation. But as technologies improve, costs are reducing dramatically. A VR headset that tracks head movements to provide 3D imagery on a stereo 4K screen that once cost thousands is available through mainstream outlets for a few hundred, some for less. 3DR-capable drones can be bought off-the-shelf for around £1,000.

The important issue is that if such technology is to be used the resulting experience, both visually and auditory, must be at least as good as others to which visitors will have been exposed. The days when museums offered 'experience light' are over. This implies the selection, with great care, of those firms capable of delivering the required product.

Such an approach sits well with the broad market categorisation of visitors and locals.

Visitors to a city need information, an insight into the place they are visiting (its history, development, cultural associations) and guidance (orientation) on how to make the most of their visit, be it a day trip, a weekend break or a longer stay.

Local residents know much of this already: their needs are likely to be best met by changing exhibits, special and temporary exhibitions and by seeing the museum 'pop-up' in places they weren't expecting: in supermarkets, in public spaces, on the sea-front.

As an important aside, a distinction between 'temporary' and 'special' exhibitions can be made in that the former are created by the museum staff in-house, whilst the latter are, essentially, bought-in exhibitions from (say) national museums, the aim of which is to broaden the offer outside of the City's collections and to offer new experiences for which an entry charge can legitimately be made. The financial model in Section 9 thus makes a distinction between temporary (free) exhibitions and special (charged for) exhibitions, both of which are common practice in museum provision across the UK.

People also visit museums for different reasons: to visit an exhibition, for a cup of coffee, to meet friends, to find out what's happening.

At the British Museum, for example, most 'locals' are to be found either in the Great Court Café or in a special exhibition: some may be taking a short cut from Russell Square to Bloomsbury Way or Great Russel Street; very few visit the main galleries regularly (if at all) which are the preserve of, mainly, overseas or out-of-town tourists 'doing the BM'.

This pattern is very much the same (although on a much smaller scale) as that seen at *The Collection* in Lincoln where the museum's design responded to the historic up-hill/down-hill routes taken by people for centuries. The principle in Lincoln is that the building can be penetrated as part of a 'normal day' on a 'normal route' to encourage contact with the building and the services it has to offer in the belief that contact with the offer will lead to later visits. And this is very much the case in Lancaster.

The principle of the building being open and ‘on a route’ also reflects the fundamental underpinning of the historic use of the City Museum’s origins as a market, court and place of public gatherings.

In this and previous reports, AP+P have made the suggestion that the museums service in Lancaster should be delivered in three broad, complementary ways to satisfy these markets:

- Through a ‘permanent’ exhibition in the City Museum which is aimed primarily at visitors to the city and which is supported by the VIC
- Through a constant churn of temporary and special exhibitions at the Museum and other venues and that these exhibitions should be on a range of topics, some drawn from the museum collections, others specifically to attract local residents, and should be on at least a cost-recovery basis
- Through a strong outreach programme taking the museum, the collections and its ethos to ‘found’ spaces, schools, libraries, care homes and other such places throughout the District.

## 5.2 Museum visiting

Museums and galleries are extremely popular.

Eight of the top ten visitor attractions in the UK are museums<sup>48</sup>. The UK has five of the top twenty most-visited art museums in the world, more than any other country. In a recent consumer survey, museums and galleries scored the highest satisfaction rating of any public service, leading to the conclusion that ‘investment in museums and galleries has paid off handsomely, with a world-class satisfaction rating’<sup>49</sup>.

Visitor numbers are increasing year-on-year stimulated by the sector’s growing focus on attracting new audiences, continued capital investment in new buildings and exhibitions (with the HLF as a major player since 1994), and increased spending on programming and outreach events supported by policies of free admission, particularly in the local authority sector.

Whilst there is no reliable figure available for total visits to all museums and galleries in the UK, in all probability it exceeds 100 million a year.

Whilst the visiting population’s demographics have traditionally been skewed towards the NRS’ marketing categories of AB/C1, the emergence of less formal, more engaging exhibitions and friendlier, less academic environments has anecdotally lead to a broadening of this base into C2/DE, which is all to the good<sup>50</sup>.

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<sup>48</sup> Source: BBC website ‘Museums as popular as ever’. Accessed December 2016.

<sup>49</sup> National Consumer Council, ‘A Playlist for Public Services’, <http://www.customerserviceexcellence.org.uk/Use>.

<sup>50</sup> The NRS social grades are a system of demographic classification used in the UK. They were originally developed by the National Readership Survey over fifty years ago to classify readers, but are now used by many other organisations for wider applications and have become a standard for market research. Their definition is now maintained by the Market Research Society. The definitions are: A: higher managerial, administrative or professional; B: intermediate managerial, administrative or professional; C1: supervisory or clerical and junior managerial, administrative or professional; C2: skilled manual; D: semi-skilled and unskilled manual; E: casual workers, pensioners and those that depend on the state for income

A growing proportion of the population of England attends museums. 46% of adults visit a museum, gallery or archive at least once a year, primarily whilst on holiday. Two thirds of 5-10 year olds and well over half of 11-15 year olds visit a museum at least once a year, often as part of an educational visit<sup>51</sup>. This supports the fact that the UK has the largest cultural economy in the world relative to GDP, and the largest creative sector in the EU, and probably the largest sector per head of population in the world<sup>52</sup>. It regularly generates over 10% of total UK-GDP, and ratchets an average income of £2 for every £1 invested in the (local) economy<sup>53</sup>.

### 5.3 Guiding principles

Over the last decade, issues of access and audience development have been central to the design, development and operation of cultural assets right across the UK. There has been a marked shift towards more outward-looking and audience-focused activities, backed by policy, discussion and legislation. The DCMS has acted as a catalyst in this by producing policy guidance on social inclusion, and making it a requirement that Heritage Lottery funded cultural projects are focused on a range and diversity of audiences.

As the UK population grows and diversifies, and with it the numbers of cultural and other groups, there is an increasing need for organisations that present local cultural history to be accessible to diverse communities, whether that be socially, physically, culturally, geographically, intellectually or economically.

Whilst it is impossible, and possibly tokenistic, to attempt to attract and engage *all* potential audiences, this Section sets out a strategy by which the City can engage and reach audiences using a range of techniques such as partnership working and outreach, and methods that have emerged from a review of best practice in the sector<sup>54</sup>.

A strategic approach to audience development must be embedded in the organisation for the best results to be achieved, and this is done by understanding audiences, engaging with them, giving staff at all levels the tools and skills to break down barriers to participation, and having an agreed framework for action.

These principles will help to ensure that the museums service is audience-led rather than design-led, is inclusive and which actively promotes the engagement of under-represented groups, all of whom have a stake in the City and its future. Key, guiding principles can be summarised as:

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<sup>51</sup> Source: DCMS <http://webarchive.nationalarchives.gov.uk/+http://www.culture.gov.uk/images/research>.

<sup>52</sup> The Work Foundation, 'Staying ahead: the economic performance of the UK's creative industries' [http://www.theworkfoundation.com/assets/docs/publications/176\\_stayingahead.pdf](http://www.theworkfoundation.com/assets/docs/publications/176_stayingahead.pdf).

<sup>53</sup> Source: Arts Council England, Press Office. Accessed December 2016.

<sup>54</sup> There is a wealth of material in the museums field produced by, amongst others, the DCMS, Heritage Lottery Fund, Arts Council and research by both University College London and Leicester University in particular.



- Ensure, by appropriate training, that all staff and volunteers are aware of the service's statutory obligations regarding access, equal opportunities and human rights
- Consider creating a dedicated Access and Audience Development team within the service that can liaise with other departments (this issue is taken up in the staffing section later in this report)
- Understand existing audiences by regular audits, consultation, research and the evaluation of new initiatives
- Seek out and, where practical, develop partnerships with other organisations, particularly those that represent under-represented, excluded or special needs groups
- Maximise physical, sensory and intellectual access to the facilities, collections and exhibitions
- Consider alternative ways in which heritage resources can be adapted and re-used in sustainable ways, to enable more people to interact with the heritage (i.e. not solely as a 'visitor attraction')
- Seek to introduce interpretation that includes and appeals to culturally diverse audiences and encourages mutual understanding and appreciation
- Involve under-represented, excluded and special needs groups in decision-making so that new exhibitions, developments and outreach work meets their particular needs and aspirations
- Use methods of interpretation and presentation that are appealing, lively, entertaining, relevant and intellectually accessible
- Devise ways in which the resources and assets to hand can be taken directly to an under-represented or excluded audience or to where they congregate already: supermarkets, schools, pubs
- Provide alternative methods for audiences to access the collections, particularly through digital and social media
- Constantly review potential barriers to access such as the cost of transport, admission charges, catering, souvenirs and so on to ensure that these are not additional bars preventing engagement
- Offer a warm welcome to everyone by creating an environment in which everyone can feel comfortable
- Regularly inform stakeholder communities about what is happening in the service and how they can become involved at all levels
- Ensure that any admission pricing structure is as inclusive and as flexible as possible, and that price is not a barrier to entry or engagement
- Recognise that 'non-visitors' are not a single market but are a diverse mix of people who require different approaches and who feel no inherent connection to the service
- Schools are a key audience, not only in terms of the educational offer, but also to build the audiences of the future

- Access must be maintained for specialists and other researchers at all venues, including the Collections Centre
- Special and temporary exhibitions offer the possibility of corporate sponsorship, special views and so on which should be actively pursued.

## 5.4 Communications, marketing and the market

It is absolutely essential that the revitalised museums service has both a realistic and appropriate marketing budget on which it can draw to stimulate the audiences it needs, underpinned by an appropriate marketing strategy to deliver these audiences.

The production of a fully-integrated marketing strategy will take time to develop, particularly as it will need to dovetail with other initiatives across a number of the Council's departments. This is one reason that we are suggesting that a number of the museum service's staff are located in Lancaster Town Hall alongside the staff of other departments, of which more in Section 9.

The following introductory points can be made as they affect the background thinking behind the configuration of the various spaces in the Old Town Hall, the Collections Centre and the potential additional spaces, such as Lancaster New Town Hall, and their presentation to the public.

The number of people who are attracted to any museum, and their average spend and length of stay, is influenced greatly by its theme, its location, access routes and signage, by its quality, its brand and its image, its management arrangements for people, by its service provision and by the deals it has struck with potential commercial partners.

In planning a new, or redeveloped, museum service it has to be assumed that it will be a well-designed, well-managed, well-marketed and accessible service at the times visitors wish it to be available. It is also assumed that the service will be high-quality and fit-for-purpose whilst taking full advantage of its role in the developing cultural heart of Lancaster, including offering a thriving special and temporary exhibitions programme and supported by appropriate catering and retail functions.

However, in any new museum or heritage project it is immediately clear that, despite the apparent wealth of available data, accurately projecting the number of visitors is intrinsically subject to a degree of uncertainty due to the pressure of external factors over which the service will, ultimately, have little or no control. Such factors include government policy, competition from as yet unknown projects (such as the redevelopment of Lancaster Castle), and changing tastes and lifestyles.

Nevertheless, a projection of sustainable visitor numbers over time is an essential exercise since it impacts on many of the income-generating aspects of the business projections. It also has important consequences for the space requirements for the interpretive and visitor support (retail and catering) activities that will be needed.

At present, the service receives around 60,000 visitors a year to its three museums<sup>55</sup>. Assuming this figure is correct, they are penetrating their available market at approximately 0.7%<sup>56</sup>, based on the following analysis:

The Market	
Visitors to Lancaster District	7,000,000
Resident 'drive time' population	1,600,000
Total Market	8,600,000
Museum Visitors	60,000
Market Penetration Rate (mpr)	0.70%

Figure 19: Headline market penetration analysis

This penetration rate (0.7%) when graphed, can be compared to 32 other museum and leisure attractions in Lancashire (below and overpage), where it is compared with six other broadly similar counties. The compelling aspect of all these graphs is that they all exhibit a common 'decay curve' from one main attraction, with a relatively large number of visitors, to a long tail of attractions with relatively few visitors. In Avon, for example, the keystone museum/attraction is the Roman Baths in Bath; in Cornwall it is the Barbara Hepworth Collection (owned and run by The Tate) in St Ives; in Sussex it is Brighton Museum and Art Gallery; in Hampshire it is the National Motor Museum at Beaulieu; and in Lancashire it is Blackpool Tower and Circus. This type of decay curve applies all across English counties and helps to set realistic projection targets.

At present, the museum service costs the City around £562,000 a year, which equates to a subsidy of approximately £9.37 for each of the 60,000 attracted visitors from all markets. The driving issue of 'value for money' leads to the conclusion that to reduce the subsidy per head visitor numbers need to be increased, even if – as is proposed in this report – income is also increased through catering, retail and third-party sales.

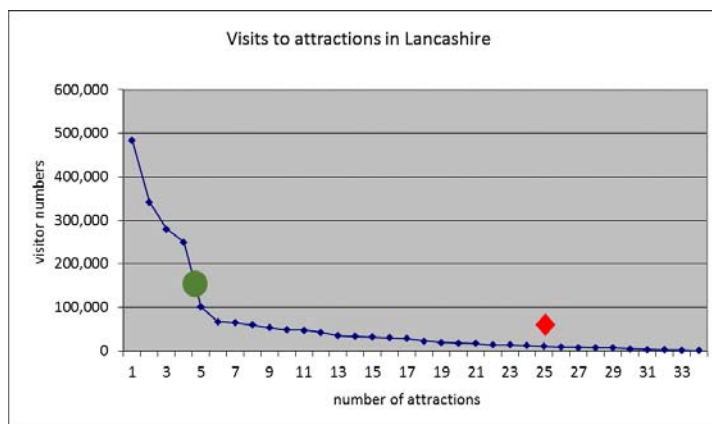


Figure 20: Visitors to attractions in Lancashire

<sup>55</sup> It is very difficult to pin down actual numbers, especially for the City Museum, and the fact that the Maritime Museum was affected badly by the 2015 Christmas floods.

<sup>56</sup> Visitor figures to Lancashire from Lancashire County Council "*The Visitor Economy*"; Resident population figures from National Statistics Office's published 2012 Mid Year estimates (2014).

By way of comparison, six other counties are shown below:

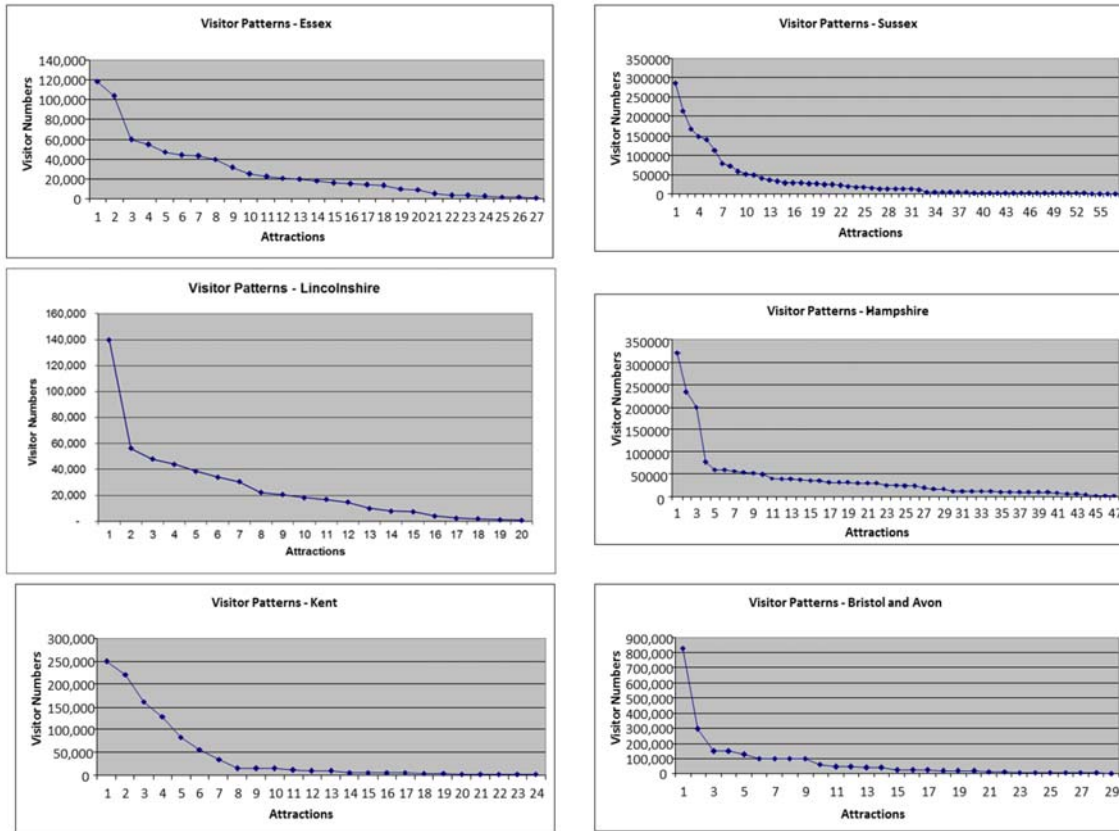


Figure 21: Visitors to attractions in comparator counties

A target for the redeveloped service is therefore to reduce the subsidy per visitor to levels that the City is prepared to sustain. What the actual level of subsidy is is clearly down to the Council to set and it depends, of course, on what the venues can sustain (their so-called 'carrying capacity').

Targets from the current position could be:

Cost £	Visitors	Average £	
562,000	60,000	9.37	current
562,000	66,000	8.52	
562,000	72,600	7.74	
562,000	79,860	7.04	
562,000	87,846	6.40	
562,000	96,631	5.82	
562,000	106,294	5.29	
562,000	116,923	4.81	
562,000	128,615	4.37	possible ?
562,000	141,477	3.97	
562,000	155,625	3.61	
562,000	171,187	3.28	
562,000	188,306	2.98	

Figure 22: Visitor number targets

Hence, to reduce the annual subsidy by (say) 60% - the minimum target, of which more below – would need a visitor throughput of around 150,000 a year. This reduction in subsidy could be achieved in a number of ways, by:

- Reducing direct and indirect costs – this is being actively considered through the recommended disposal of the Maritime Museum and the Cottage and by the City taking back control of its museums budget from the County
- Reducing staff numbers – whilst this is a possibility, there clearly needs to be a suitably-staffed service to deliver the offer and to increase and sustain visitor numbers
- Consolidating the collections into one building, thus reducing property costs
- Focusing on a wider and more appealing series of special and temporary exhibitions in spaces that are suited to hold them and for which entry charges could be made
- Consider charging for to the City Museum – not recommended
- Increasing footfall at the City Museum by transferring the activity of the VIC in the Storey, which has the potential additional advantage of cost saving through, particularly, front-of-house staff-sharing
- Increasing the attractiveness of the overall offer of the City Museum through a re-display of its collections, by extending the ground floor, by improving access, increasing the retail area, adding catering and by offering a new, virtual reality experience
- Increasing stay-time at the City Museum (at present estimated at less than an hour<sup>57</sup>) to encourage spend

<sup>57</sup> The average dwell time across all UK attractions, per visit, is 112 minutes, with two-thirds being of up to one hour (*Visit Britain*).

- Increasing earnings from outreach activities such as market stalls in Market Square, Morecambe seafront and at, say, Cartmel Races<sup>58</sup> and other local events
- Improved merchandising of the collections, perhaps in partnership third-party commercial companies.

## 5.5 Marketing policy

The primary objective of the marketing policy is to balance the assets and exploitable strengths of the service (location, collections, buildings and facilities) with the opportunities that the identified markets create.

One accepted way of looking at the available market is to consider drive-time market population. An indicative drive-time (local/resident) market for museums in Lancaster can be mapped as:

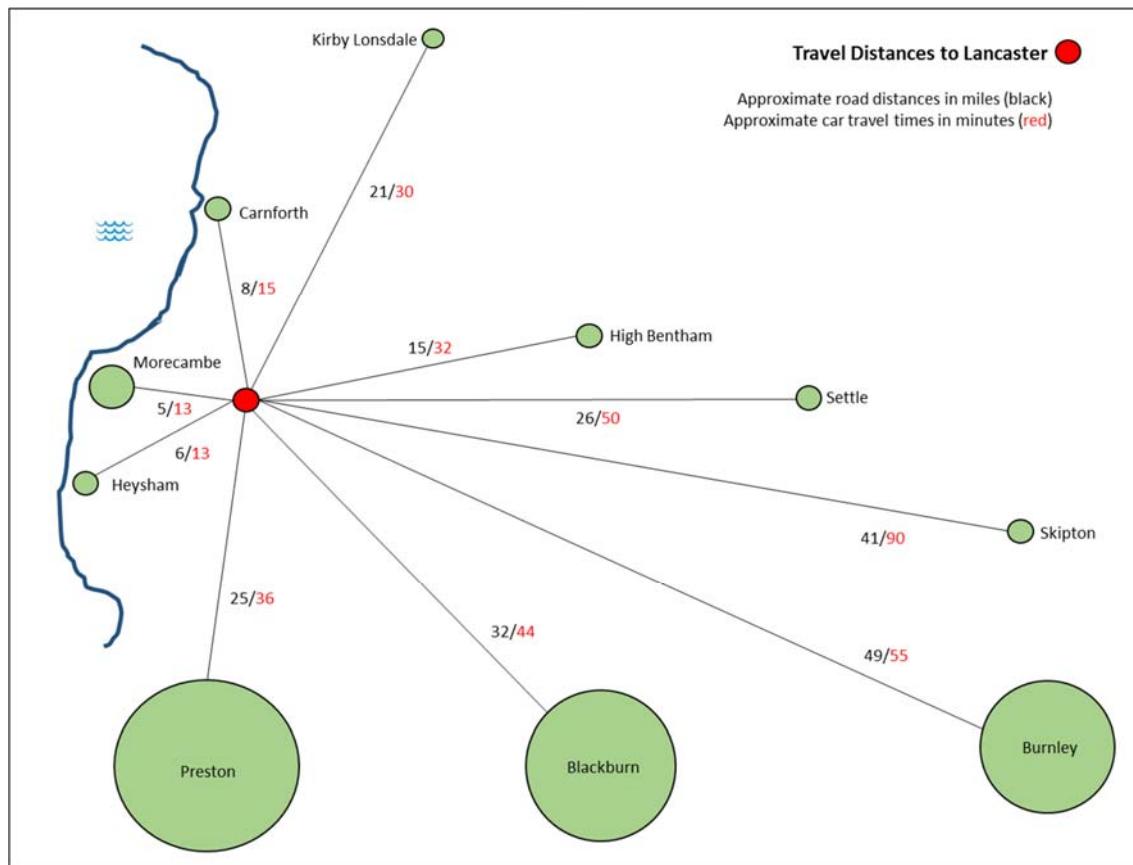


Figure 23: The drive-time market

<sup>58</sup> Cartmel Racecourse runs four meetings in the summer months for a total nine or ten days a year.

The museums service, as a local authority asset, needs to direct its marketing activity towards the widest possible audience to encourage use and engagement. The service's image must reflect its inclusivity and open access policy, whilst recognising the needs of different social and cultural groups. The service's corporate image must reflect its ethos of teamwork and partnerships with others in meeting visitor and user needs. The design, content and distribution of publicity material will take account the needs of specific social and cultural sectors.

Market research on the needs of different social groups and visitor sectors should be undertaken on an annual basis. The pricing policy for temporary exhibitions and supporting educational activities must take into account the needs of target groups, reflected in free admission, concessions and special rates for entry to the temporary or special exhibitions.

## 5.6 Marketing strategy

The relative contribution of the various market sectors have important implications since they indicate where the main emphasis (and thus cost) the marketing initiatives should be targeted.

Special provision needs to be made for the build-up to the service's re-opening as part of the capitalised costs, and these are reflected in the financial models in Section 9 of this report.

The service will need to be marketed vigorously and aggressively through the broad channels highlighted in this section's accompanying table. Provision has been made for the employment of a dedicated marketing professional in the business plan described in Section 9.

Most of the channels shown in the accompanying table (overpage) are self-explanatory. However, with both competitors and potential customers constantly online, digital marketing is absolutely essential in establishing and maintaining a strong brand image.

Whilst the service's current website contains information about what is on offer, it is essentially passive. In the heritage sector especially, content marketing – which focuses on storytelling as a powerful engagement tool – is the most effective way to attract, convert and retain significant audiences.

Organisations that are skilled in content marketing will see more people through their doors than ones that rely on 'brochure' websites and static email newsletters.

It is essential that the service has an appropriate marketing budget on which it can draw to stimulate the audiences it needs for its various venues and activities, and an appropriate marketing strategy to deliver these audiences.

Whilst the production of an integrated marketing strategy is outside the scope of the current brief, the key objective must be to balance the assets and exploitable strengths of the service (its location, collections, buildings, services and facilities) with the opportunities that its markets create.

The market sectors and their relative contribution to the visitor total have important implications since they indicate where the main thrust and cost of the marketing campaign should be targeted.

The Service will need to be marketed vigorously through the following broad channels:

Market sector	Re-launch strategy	On-going strategy
Visiting tourists	Digital marketing platform, including website PR - radio and TV interviews Articles in local newspapers Advertising in holiday magazines Posters at train stations and in car parks Leaflets in other District/local attractions Leaflets in TICs in the catchment area	Digital marketing platform, including website Advertising in holiday magazines Leaflets in other District attractions Leaflets in TICs in the catchment area
Local users	Digital marketing platform, including website PR - radio and TV interviews Articles in local newspapers 'Object of the Month' 'the Curator's Choice'	Digital marketing platform, including website Articles in local newspapers Membership mailing list Leaflets in other District attractions Leaflets in TICs in the catchment area
Casual users	Digital marketing platform, including website PR - radio and TV interviews Articles in local newspapers	Digital marketing platform, including website Articles in local newspapers Leaflets in other District attractions Leaflets in TICs in the catchment area
Educationally-driven user	Digital marketing platform, including website PR - radio and TV interviews All schools individually targeted in catchment area Invitations to launch	Digital marketing platform, including website All schools individually targeted in catchment area Regional educational press
Special exhibition visitor	Digital marketing platform, including website PR - radio and TV interviews Articles in local newspapers 'Object of the Month' The Curator's Choice'	Digital marketing platform, including website Articles in local newspapers Membership mailing list Leaflets in other District attractions Leaflets in TICs in the catchment area Develop club/society mailing lists
Corporate users	Digital marketing platform, including website PR - radio and TV interviews All firms individually targeted in catchment area Invitations to launch	Digital marketing platform, including website Articles in local newspapers All firms individually targeted in catchment area
Community groups	Digital marketing platform, including website PR - radio and TV interviews All groups individually targeted in catchment area Invitations to launch	Digital marketing platform, including website Articles in local newspapers All groups individually targeted in catchment area

Figure 24: Primary marketing channels



Broadcast media (including television) is essential in promoting awareness (especially for the re-launch) and should be pursued with vigour. Editorial coverage via PR, rather than paid-for air time, is obviously preferred.

The family in all its diversity – across gender and across generations – is a key target audience. Seasonal activities, especially around the holiday periods, are essential.

Schools not only form a significant market sector in their own right, they are also important in creating general public awareness and, as such, have a powerful, indirect effect on both family and adult visitor numbers. Family visits are often triggered by a previous visit from the school child. It is therefore essential that the educational value of visits is developed and promoted, particularly within the context of the national curriculum.

Friends' Groups should be encouraged, as should the use of volunteers. The new post of 'Community Engagement' should help to facilitate in this area.

Whilst the service currently promotes itself, the annual advertising budget is not immediately discernible within the overall fee paid to the County. In future, a balance needs to be struck between the obvious need for a re-launch advertising budget (which should be, and in the business plan is, viewed as being part of the overall capital programme) and an on-going resource which should, ideally, use both PR and digital media as its main channels. Thus a new, PR-focused communications strategy is required, starting with the brand.

## 5.7 The brand

It is clear that the eventual brand of the new service will have a substantial impact on its markets and the way in which they are attracted.

This aspect cannot be rushed into – nor can its importance be over-stated – it is, after all, the intellectual umbrella under which the project will grow and mature over the next decade or so.

We therefore recommend (and have made budget provision in the business plan) for a separate exercise to determine the service's brand and brand values as part of the pre-opening, capitalised costs. At minimum, both the psychological aspect of the brand and the experiential aspect need to be settled and communicated through the (to-be-agreed) promotional strategy well in advance of its re-launch at, probably, the City Museum.

The experiential aspect consists of the sum of all points of contact with the brand – advertising, PR positioning, arrival, access, arrangements for admission and welcome, orientation, exhibitions, toilets, ease of access/egress, catering, retail, corporate information, 'feel' etc. The psychological aspect – the brand image – is the construct created within the minds of visitors (and others) and consists of all the information and expectations associated with the service.

Both aspects need to be reflected in the service's name.

We therefore recommend that, as part of the re-branding exercise, a new name for the service is researched and developed in much the same way as, for example, The City and County of Lincoln Museums Service was re-branded as *The Collection*, the business- and project-funding-plans for which were produced and delivered by David Prince and Simon Pearce between 2001 and 2005. The first review in the local press stated:

*It has taken 12 years to lift from the drawing board to Danesgate and it has cost £12.5 million to build. So it should have. Because Lincoln's new museum, The Collection, really is just that - one in a million. It is a truly magnificent venue which has the ability to take the world of popular archaeology and the teaching of history - to both adults and children - by storm. It will set the standards which other museums and collections of priceless historical artefacts both in Britain and around the globe will be measured. The Collection ... is a radical and richly-rewarding concept in museums, one which really does make archaeology accessible to all. And the whistles and bells of the cheap tacky kind are blatantly noticeable by their absence. What's more, admission is free<sup>59</sup>.*

Whilst the experiential aspect of the brand has much to do with creative and effective design, the psychological aspect needs a different approach. Getting to this is an essential next step for the project and one that should proceed alongside the physical design programme.

The key here is to create, through a carefully-managed consultative process, an overarching concept that reflects the core mission of the museums service which at the same time recognises its diverse outlets and other potential facilities, together with the ways in which its outward-looking approach serves the greater aim of aiding the economic well-being of the City.

A vital aspect of this is how the service presents itself on-line.

## 5.8 Digital (content) marketing

Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain audiences, the ultimate aim of which is to drive profitable consumer action and is used routinely by the world's largest and most profitable companies.

Heritage attractions have a major advantage in content marketing given the unlimited stories they can tell about the resources at their fingertips. Lancaster museums' service is a perfect example: with millennia of human history to relate, let alone natural history and the wider environment, there should never be a moment to be lost in sharing the stories that will grow and enhance both existing and potential visitors.

A successful digital marketing strategy has a clear sense of three things:

- What the organisation wants to achieve
- Which customers/audience is the priority
- The particular value that is to be delivered.

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<sup>59</sup> Source: review by Robin Jones in *The Lincolnshire Echo*, 2005.

The essential tools to accomplish this include:

- Website: must be mobile-responsive, and made significantly more discoverable through a targeted SEO (Search Engine Optimisation) effort. The museums service's current website will need a major overhaul and redesign for look and feel, as well as functionality. Emphasis should be placed on regular blogs, events, accessibility and e-commerce. This will need to be factored into resourcing in terms of appropriately skilled staff, who understand content, analytics and digital strategy
- Social media channels and assets: there are many channels where the audience the service wishes to attract are already spending their time and money. The service's engine must engage with these channels and grab audience attention by building relationships through consistent messaging and content. These channels include Instagram, Facebook, YouTube, twitter, Google +, and others
- Multi-media content assets: the creation, organisation and distribution of content in order to better connect with potential visitors and the current audience. By 2017, it is expected that video will account for 70% of all consumer internet traffic. The service can get in front of this and increase its audience through smart on-line broadcasting
- Mobile assets (including interpretation and Apps). The importance of mobile search, mobile optimisation, mobile conversions, and mobile ubiquity cannot be overstated. Mobile devices and the collective addiction to them are fixtures of the modern marketing arena
- Digital databases including email subscribers – email marketing remains the best digital channel for return on investment. Strategies should be put in place by the service to produce regular, sophisticated email communications using a platform such as *Mail Chimp*<sup>60</sup>, and then to further leverage the analytics data to understand the success of current programmes and inspire future efforts. This is a very basic and essential aspect of driving customer engagement.

With goals set, and these basic digital tools in place, the next most important factor for the service will be to create a marketing funnel, which maps out the audience journey from total stranger to when they become a visitor. Strategies to consider when building the funnel include lead magnets, calls to action, opt-in newsletters and offers.

Above all, it is essential to drive traffic to the services (new) website. There is a direct link between how well heritage organisations do this and the number of people who visit their site or attraction. Other sections of this report examine the financial implications of this strategy.

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<sup>60</sup> *Mail Chimp* is an email marketing service and the trading name of its operator, an American company, founded in 2001. The service sends, as at December 2016, over 12 billion emails a month on behalf of its clients.

## 5.9 Visitor numbers and the effect of charging for entry

Taking the above into account, it is reasonable to judge that the revised City Museum's visitor numbers per sector can be projected as:

Visitors (7m)										
MPR	0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%	1.8%	2.0%	2.2%
City Museum	28	42	56	70	84	98	112	126	140	154
Special Exhibitions	28	42	56	70	84	98	112	126	140	154
Residents (1.6m)										
MPR	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	2.4%	2.5%
Market (1,600)										
City Museum	26	27	29	30	32	34	35	37	38	40
Special Exhibitions	26	27	29	30	32	34	35	37	38	40

Figure 25: Market penetration rates (MPR)

The above indicates an annual visitor throughput at the City Museum of circa 86,000 (highlighted in green, above) composed of 56,000 Lancaster visitors at an MPR of 0.8% and 28,000 residents at an MPR of 1.9%. In addition, temporary and special exhibitions are aimed at an MPR of 2.5% of residents, producing a throughput of 40,000 a year and some 20,000 visitors at an MPR of 0.4% (highlighted in yellow).

Hence, the service should be looking to creating a settled, annual throughput of (rounded) 150,000 visitors **with the assumption that the City Museum will be free to enter**. This figure equates to a total MPR of 1.7%. To put this in perspective, typically museums penetrate their markets somewhere between 2% and 7% depending on their specific location, subject matter and whether they are seen to be part of the wider, particularly international, tourist environment<sup>61</sup>.

There is also considerable variation between national museums (such as the BM and V&A in the country's capital), independent museums that rely heavily of admission charges (such as Ironbridge and Beamish) and local authority museums for which entry is usually free. Hence, we are confident that an MPR of around 1.7% can be sustained by the City Museum, providing that the activities described in this report are undertaken, under the overall umbrella of a revised staffing and operational environment.

A charge will, it is proposed, be made for the VR experience and for some (but not all) special or temporary exhibitions.

Many arguments can be put forward as to whether a charge should, or should not, be made for general entry to a museum. The understanding advanced in this report is that access to the majority of facilities (and certainly the main ones on offer) should be free of all charges for two main reasons:

<sup>61</sup> Source: *Attractions Management* website, accessed December 2016.

- The social value and educational potential, and hence benefit, of a visit should not be restricted by either the ability or willingness to pay; and
- Visits have been proved to be reduced (by up to 50% in some cases<sup>62</sup>) if a charge, any charge, is made for entry: a significant, and real, psycho-political barrier is at work here ... *'it's my heritage, my culture, my history and access to it should be free' ... I don't mind paying extra for something special, but isn't this what I pay my rates for?*

In addition, research from the British Tourist Authority (BTA)<sup>63</sup> and others has clearly shown that people have an in-built sense as to what (say) a day-trip should cost and behave accordingly. To take just one example at random. If a family of two adults and two children have in mind to spend £30 for the day, then that is what will be spent whether it is on travel, entry charges, catering, retail and so on. The key for the museums service is that profit and benefit is generated by footfall and, through this, retail and catering income is increased proportionately by not charging at the entrance.

A free, fully-serviced museums service is therefore what is required and what is recommended. It is what people expect and what will give a positive impression of the role of the Council and the museum service in their lives.

To perhaps labour the point, a visit to a local authority museum is not a visit to Disneyland. People are happy to pay for the latter, but they feel that they have already contributed to the former. Museums are one aspect of life that they expect to see being realised by their Council as custodians of their collective past. So, what does all this mean?

An overall visitor/resident split of approximately 60/40 is anticipated by these figures and reflects the orientative nature of the 'permanent' exhibitions at the City Museum which are designed to appeal more to visitors to the City, particularly as it is proposed that the Museum will also have the VIC operating within it. The last is very much a part of the 'gateway' aim of the museum as a whole by way of its encouraging visitors to go out-and-about in the District and, as importantly, to spend at least one night within it.

In common with newly-opened<sup>64</sup> or newly-refurbished museums, there will be a premium on visitor numbers in year 1, after which a drop can be anticipated which then picks up in subsequent years to produce a stabilised throughput assuming, of course, that investment is maintained. This fluctuation is shown by the percentage in the 'factor' row of the table below. In this case, the following pattern can be envisaged:

Visitors	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Factor	0%	-7.5%	+5%	+2.5%	+2.5%	0%	0%
Base	150,000						
Total	150,000	138,000	144,900	148,523	152,236	152,236	152,236

Figure 26: Annual visitor numbers, years 1 through 7

<sup>62</sup> Source: results of charging to the national museums under the Thatcher government (etc).

<sup>63</sup> [www.traveldailymedia.com/245680/spending-on-day-trips-in-england-reached-new-highs-in-2016/](http://www.traveldailymedia.com/245680/spending-on-day-trips-in-england-reached-new-highs-in-2016/)

<sup>64</sup> Of which *The Collection* in Lincoln is a good example

Hence, after five years of re-opening (year 5, above), the service should aim to welcome around a steady 150,000 visitors a year.

### 5.10 Peak day considerations

On average, and measured over a range of attractions in the UK – from city museums, open-air museums, archaeological sites, National Trust properties and the like – the overwhelming majority attract an average of 1% (one per cent) of their total visitor numbers on each of their 20 (twenty) busiest days of the year<sup>65</sup>. This has considerable implications for space planning as a whole and income from, for example, retail and catering activities.

In the UK these busiest days are the Bank Holidays (excluding Christmas and Boxing Day) and during the traditional holiday period (July and August). If this applies to Lancaster, as no doubt it will, it suggests that around 1,500 people *could* be attracted to the City Museum on each of these twenty busiest days each and every year.

Moreover, visits during these days are not spread evenly with the majority of visitors being expected in the mid/late morning (10:00-12:00), over lunch (13:00-14:00) and in the early afternoon (14:00-16:00). These visiting patterns are generated by how people (tourists and residents) behave generally and not by to the specifics of the attraction per se, save for extreme examples such as dawn over a summer solstice at Stonehenge.

The implications for the City Museum are:

- Assuming that, for example, retail and catering generate between them a 20% profit (of which more in the business planning section of this report in Section 9) this means that the Museum's entire year's profit from these activities is generated by just 20 (twenty) days at (say) an average of six hours trading a day. This is precisely why a 'wet bank holiday' can cause serious issues for tourist attractions
- Assuming that 1,500 people a day arrive at the City Museum on these twenty exceptional days this will create issues of throughput in the exhibitions as well as the provision of teas and coffees, and space in the retail area.

If this were to be the (fortunate) outcome, then the museum's management would need to respond by overseeing queuing, accommodating the extra demand for catering, and by making sure that the shop is well-stocked, well-staffed and so on.

Such an event should be seen as an opportunity for further engagement, rather than as an uncontrollable risk. In fact, at major attractions (Disney, Tussauds, Universal Studios and the like) the planned management of queues/waiting time is a major source of income and visitor satisfaction.

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<sup>65</sup> Sources: Prince DR and Higgins-McLoughlin, B, *The Museums Data-Base Project*, The Museums Association and *The Manual of Museum Planning: Sustainable Space, Facilities, and Operations* (ed: Barry Lord, Gail Dexter Lord, Lindsay Martin)

It is not possible, or indeed desirable due to the extra-over capital cost, to build additional facilities to accommodate the visitor throughput of a 'peak day', even if this were physically possible. How these particular days are managed is therefore key.

In the case of the City Museum this might well imply timed tickets for the VR, extra café tables under the portico overlooking Market Square in which activities should be planned to entertain visitors whilst they are waiting to access the museum, or opening for longer hours to accommodate demand.

In addition, visitors could be taken on guided walks of the historic city or be encouraged to visit other destinations in the District, thus reinforcing the museum's role as a gateway.

It also implies that all the city's main attractions will need to work together to satisfy peak demand. And it is by satisfying this demand that the museum and other attractions can add real value to the City's overall economic development strategy.

The staffing model (or which more in later sections of in this report) has been designed to accommodate the ups-and-downs of such visitor numbers.

The important thing to note, therefore, is that when visitors are there, the museum can respond actively and vibrantly on an 'open door' policy.

Thus, the City Museum has the potential of managing and servicing the projected number of annual visitors.

What is also important is that to achieve these figures – and to sustain them – the service must be outward-looking, develop partnerships with both national and local organisations, and must at all times remain relevant to the people of the District and those who choose to visit it.

### **5.11 Entry pricing**

A major factor in generating and sustaining visitor numbers is the cost of entry<sup>66</sup>, as discussed above.

This report recommends that entry to the City Museum should be free of charge, but that a charge should be made for the VR experience and *could* also be charged for temporary and special exhibitions on a case-by-case basis depending on the details and attractiveness of the show. This is, ultimately, a policy decision by Council.

Charges for VR are notoriously difficult to judge, and hence to model. They depend on the specifics of the show, its quality, the public's mood and what is, on the day, seen to be acceptable value for money.

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<sup>66</sup> The detailed financial implications of this sub-section are carried forward to Section 9 in this report, and the facilities to be provided in Section 6.

For a major exhibition such as *Bjork Digital* at the Courtauld Gallery in Somerset House in London (part of a world-wide tour and visited by the authors in October 2016), an adult charge of £15 is acceptable for an hour's experience<sup>67</sup>; for a small(er), local museum it would be less.

One way is to look at the cost of visiting the cinema. In Lancaster this is around £12.00 (including VAT) for around 2.5 hours, or around £5 an hour. Information such as this has been used to inform the business plan in Section 9 of this report.

Entry charges for special (as distinct from temporary) exhibitions should be actively considered on an *ad hoc* basis. However, it is prudent to model these as being quasi-free entry whereby only marginal returns are recorded in the financial models, none from entry fees.

## 5.12 Partnering

The above approach, whilst realistic, must be viewed, however, as the base-line, minimum requirement.

The 'new service' should look to deliver a profit from these activities if it is to demonstrate balanced, true value-for-money across the full range of its activities. In this, partnerships with established national players will prove to be significant, and are thus needed.

As examples, the British Museum, the Tate, the National Gallery and the Natural History Museum are all active in creating touring exhibitions and in working in close partnerships to assist both local and regional museum services, indeed they are required so to do<sup>68</sup>.

There is, however, no science, no formula, no single road map to show the way. But essential clues from other successful city-wide services abound, and include:

- Formal partnerships with local-to-site universities
- Formal partnerships with internationally-recognised museums
- Formal partnerships with national funding agencies
- Creating family- and child-friendly spaces
- Being proactive and not being rooted in the ways museums *used to work*
- Becoming a central player in the future economic profile of the city
- Becoming a recognised and mainstream player in the life of the city ... *'I wonder what's on at the Museum?' ... 'we should go' ...*
- Stepping out of traditional, object-based exhibitions into music, performance, plays, son et lumière in the Market Square ...

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<sup>67</sup> Advertised as '*an immersive virtual reality exhibition from Icelandic icon Björk*' the show sold out for ten weeks with an estimated total audience of over 40,000 and a headline take of around £550,000.

<sup>68</sup> *The Collection* in Lincoln has formal, settled arrangements with, amongst others, the British Museum, the V&A, Arts Council England and the Art Fund as well as the local universities and trusts to provide exhibitions and management expertise in the delivery of local services.



- Taking the museum, and its collections, out of the city and into new places, new areas: shopping centres, Morecambe seafront, supermarkets – the places where people are and where they congregate naturally.

As just one example known well to the authors, *The Collection* in Lincoln (a similar-sized local authority service to Lancaster) lists the following as part of the ‘partners’ page’ on its website<sup>69</sup>:



Figure 27: Partners of *The Collection*, Lincoln

<sup>69</sup> [www.thecollectionmuseum.com/about-us/our-partners-and-funders](http://www.thecollectionmuseum.com/about-us/our-partners-and-funders)

## 6 The City Museum – Interpretive Strategy

### 6.1 Principles

*'The best city museums act as a starting point for the discovery of the city, which can lead people to look with fresh, more informed and tolerant eyes at the richness of the present urban environment and to imagine beyond it to past and possible future histories'.<sup>70</sup>*

Every city museum is unique, but each shares the common goal of informing the visitor as to the narrative of the city's rich past. Put simply:

*'The principle mission of a museum of the city is to help its audiences understand why the city they know is the way it is'.<sup>71</sup>*

Such a city museum in Lancaster thus has the responsibility of collecting, preserving and presenting material about the past, present and future of the City and its District.

As a result, and by the very passage of time, Lancaster City Museum has accreted a vast array of material in a collection of some 353,000 artefacts which reflects the multi-faceted, multi-cultural life and history of the area. These comprise archaeology to art, industry to philanthropy, ethnography to natural history. Since the 18C, they encompass the lives of immensely rich entrepreneurs and industrialists, through internationally-renowned designers and architects.

These are all subjects that reflect the diversity and history of Lancaster and its District. In an important and highly significant way, a city museum is the district's collective memory, helping to define it and setting its place in the world.

This Section considers the interpretation of the collections and establishes a practical vision for the future of the City Museum in the Old Town Hall aiming to attract and sustain 150,000 visitors a year.

The indicative strategy is based on previous research, workshops and consultations carried out for two previous reports for the City Council, on expert knowledge, an understanding of modern interpretive approaches used by other leading museums, and by a sense of what lies ahead for the museums service as a whole. It begins with an analysis of potential visitors.

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<sup>70</sup> Nicola Johnson in UNESCO's Museums International, 1995.

<sup>71</sup> Robert MacDonald, Director Emeritus, The Museum of the City of New York.

## 6.2 Visitors

Recent developments have brought about a realignment in the ways museums deliver exhibitions, particularly in the public sector.

Younger visitors of school age, in particular, have begun to pay less attention to traditional museum exhibitions and increasingly inhabit a parallel, digital world. To maintain their relevance to a new generation of potential visitors, museums are exploiting this virtual community in ways designed to engage younger visitors primarily through interactivity and more formal VR experiences.

In the same vein, visitors will often browse a website before making a visit to a museum and will often consult that same site afterwards. However, the live, physical experience of actually visiting a museum has not been replaced by a virtual one. The digital experience itself (if it is designed and handled well) often leads to a physical visit and seems to encourage rather than discourage visitors. Thus, all the evidence suggests that museum exhibitions are robust features which are unlikely to be replaced soon; they are, after all, the only way to engage with 'the real thing'.

Children, whether in school groups or accompanied by adults, require special attention that often involves the use of games and other creative activities as part of the interpretation.

For the last two decades at least access for the disabled, particularly the physically disabled, has been a major concern in museum design (as it has been for all public spaces), and this report has suggested considerable, potential improvements to the way in which the Museum is accessed, and the galleries navigated. Good interpretation also mitigates against, of course, other disabilities such as hearing, sight and learning in producing workable and acceptable interpretive solutions within the overall concept of 'inclusive design'<sup>72</sup>.

People engage with, and understand and learn from museum exhibitions using all their senses. Good interpretation therefore engages the most appropriate for the story at hand and for the messages to be communicated.

It has to be recognised that some visitors, perhaps all, will experience 'museum overload' or 'museum fatigue' at some point during their visit. Whilst this can be ameliorated by adopting changing methods of interpretive delivery to re-engage visitors, spaces that encourage an element of calm are important features in the overall design and have thus been accommodated in the proposals.

## 6.3 Strategy

This interpretive strategy is the starting point in the physical development of the revitalised City Museum. It is based on, and responds to the needs of the place, the collections and key audiences.

The role of interpretation at the City Museum is four-fold:

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<sup>72</sup> The British Standards Institute (2005) defines inclusive design as being 'the design of mainstream products and/or services that are accessible to, and usable by, as many people as reasonably possible ... without the need for special adaptation or specialised design. Source: BSI.

- To provide orientation information about the city of Lancaster and its District
- To inform visitors, through both structured and informal experiences, about the history, social context and evolution of the District
- To forge emotional and intellectual connections between the City and the history of its District
- To articulate and deliver the museums service's emerging vision.

Clearly, much detailed research will be needed to develop the themes, topics and the objects that can be used to exemplify these roles as a key part of the next stage of the design process.

## 6.4 Vision

The interpretive vision for the City Museum thus sees it as being:

- The gateway to discovering and exploring Lancaster and its District
- A distinctive, high-quality attraction that showcases Lancaster and its people and promotes the City on a regional, national and international stage
- A source of inspiration for Lancaster's diverse communities, celebrating the City's unique identity.

To realise this ambition will require close working with all potential partners – including local communities, businesses, universities, schools and the heritage sector as a whole, including national bodies.

## 6.5 Outcomes

The aims of the interpretation strategy are to be:

- Visitor-focused
- Cohesive and unified
- A community resource
- Forward looking - contributing to the growth of the City
- Instrumental in increasing the District's profile
- Supportive of the District's overall tourist and economic development initiatives.

To achieve these outcomes, the Museum's response to its visitors will need to:

- Create a welcoming, stimulating, supportive and unbiased environment
- Remove intellectual and physical barriers to access
- Enable visitors to make decisions about their heritage and its future
- Ensure regular change to displays within a vibrant programme of activities and events
- Address specific schools needs with regard to the National Curriculum
- Raise the profile and public awareness of the Museum
- Reach out to under-served communities

- Work together with communities, community institutions and other agencies
- Encourage individuals and local communities to move from just using the resource to actively contributing to its future
- Encourage collective responsibility through a shared sense of local pride and cultural identity.

A distinctive destination will be developed by:

- Producing stimulating, dramatic displays which inform, excite and encourage learning
- Creating a vibrant showcase to present the City's collections
- Acting as an innovator – pioneering and evaluating exhibition approaches and developing exhibitions as activity-based learning resources for schools, families and local communities
- Offering a range of attractions, opportunities and facilities
- Mounting changing 'blockbuster' exhibitions and special events
- Integrating collections, displays and the building itself into a unified and memorable experience.

At the end of their visit, *everybody* needs to have got *something* out of their engagement with the Museum whether this is a sense of pride in the City and its achievements, a recognition of aspects of its history, or the desire to go out into the District to see and appreciate more.

## 6.6 Design considerations

Our review of the current exhibition provision in the Museum concluded that the main significance of the collections relates to their value in defining the distinctiveness of Lancaster's heritage, both past and present. The physical presentation, whilst being forward-looking and entirely appropriate at the time of its installation in 1983, is now obviously dated and in need of refreshment using modern techniques.

To achieve this, the following is proposed:

- Lancaster's collections need to be better-known and better-accessed on a regular basis, and this is a reflection of the current conditions under which they are stored; a situation that will be remedied by the new Collections Centre
- Displays should encourage comparisons to be made across cultures and traditions, set in the overarching context of Lancaster, to highlight the District's unique attributes and qualities
- To 'humanise' the collections through stories of the people associated with them: craft workers, artists, traders, manufacturers, collectors, donors
- To facilitate change by utilising special and temporary exhibitions and thereby to encourage repeat visits, particularly from local residents
- To make firm links and associations with other cultural centres and organisations including National Museums

- Provision needs to be made for housing, interpreting and showcasing locally-produced works by artists and other creatives.

Facilitating these changes and developments points to the need to create space for special and temporary exhibitions (drawing on the rich pool of 353,000 objects cared for by the City) a 'permanent' gallery telling the story of Lancaster through carefully-selected objects and the use of all available and relevant interpretive techniques to cater for the various abilities, interests, ages and lifestyles of what is, and will continue to be, a disparate visiting population.

An important function of any museum is the ability to show a diverse range of temporary exhibitions so that they can:

- Accommodate exhibitions from other institutions and museums to broaden the experience
- Provide themed exhibitions from the museum's existing collection that represent a subject or perspective that is not displayed in the main body of the museum
- Be capable of responding to local/national events of interest or local festivals and events of importance
- Receive exhibitions by local artists and crafts people
- Encourage repeat visits.

The potential location of temporary and special exhibition spaces, and the need to fit them out to 'government indemnity standards' are set out in the next Section of this report.

## 7 A Redeveloped City Museum in the Old Town Hall

### 7.1 Development strategy

The City Museum occupies the basement, ground and upper floors of the Old Town Hall in Market Square and the adjacent 19C building in New Street. The 1<sup>st</sup> Floor of the latter building is occupied by the Kings Own Royal Regimental Museum (KORR).

In order to increase visitor numbers to the City Museum to a projected, settled 150,000 a year there is a need to improve public accessibility (including wheelchair access), extend the public realm of the building and provide much-improved exhibition, visitor and staff facilities.

Flexibility is key to the future-proofing of any new museum development, to enable it to adapt to new trends and technologies and to provide a constant renewal of activity.

The proposed redevelopment of the museum is based on the provision of the following key components:

- New reception and visitor information facilities
- A museum café and retail space
- An orientation gallery
- An object rich permanent exhibition
- A revenue-earning immersive experience
- Temporary and special exhibition galleries
- Wheelchair access to all areas and new toilet facilities.

This strategy is designed to attract and sustain a new and diverse audience, generate revenue, display the most important elements of the collection, host touring exhibitions, some of national significance, and to support a lively programme of temporary exhibitions to encourage repeat visits.

This part of the study looks initially at the potential for the existing buildings to be adapted to provide the facilities identified above. It then goes on to consider the impact and added value of a new two-storey extension building which has emerged as the preferred option for the new City Museum.

### 7.2 A most important artefact

The Old Town Hall has been called the City Museum's most important artefact. Some may dispute this, but it certainly has its own story to tell.

Built in 1783, to the designs of Major Thomas Jarratt, its massive Tuscan portico dominates Market Square and it has been an important landmark in the city of Lancaster for nearly 250 years. The cupola, or clock tower, and probably the elegant portico itself, were designed by Thomas Harrison, a leading architect of his day who had studied in Rome and had been on the Grand Tour.



Figure 28: The Old Town Hall in Market Square

Harrison had arrived in Lancaster in 1782 having won the competition to design the new bridge across the Lune, now called Skerton Bridge, being the first bridge in England with a flat roadway. He subsequently became architect to Lancaster Castle and was responsible for new works within the grounds including new accommodation for prisoners, the Crown Court and Shire Hall. Thus, there are important historical and technical connections between three of the City's most significant structures.

The central location of the Old Town Hall in Market Square means the City Museum is ideally positioned on the main pedestrian route between the railway station and the city centre. It is also the springing point of a cultural arc encompassing the Storey, the Castle, the Priory, Quay Meadow and the Customs House on the Quayside.

It is therefore a natural gateway to both the City's and wider District's cultural offer for tourists, visitors to Lancaster and local residents. This is a strong argument for co-locating the Visitor Information Centre (VIC), currently in The Storey, with a rejuvenated City Museum.





Figure 29: Key cultural destinations in Lancaster's city centre

The VIC in the Storey is an award-winning service undertaking a number of important and high-profile roles for the City, including hotel bookings, ticketing and box office services, providing general visitor information and marketing and selling Lancaster-related merchandise. But it is not ideally located in terms of visibility and accessibility for visitors to Lancaster. Relocating the VIC to the City Museum would be mutually beneficial in creating:

- Increased footfall
- Integrated cultural information
- Management and staffing efficiencies
- Retail and merchandising synergy
- Usable / lettable Ground Floor space in The Storey.

### 7.3 Historic uses

The Old Town Hall has had many different uses and has been modified internally to accommodate these changes of use over the years and an understanding of this history has been used to inform the way the building could be modified further to accommodate a rejuvenated City Museum. Preliminary discussions with the Conservation Officer in the City's Planning Department have indicated that, in

order to realise the full potential of the building for museum purposes, it may be possible to remove certain internal walls and partitions (particularly in the less significant 'New Street' building) subject, of course, to formal Listed building consent and further structural investigations.

It is evident from antiquarian illustrations and Local Studies publications, such as that by Andrew White, that the ground floor of the Old Town Hall was originally an open arcade containing the corn exchange and butter market ...'communicating with the street on every side'... This provided a clue to a method of making the building more transparent and publicly accessible. The idea of an 'exchange', in the sense of a central place of activity, is also relevant in the context of a museum, and it is a concept which also promotes accessibility and inclusivity.



Figure 30: The Old Town Hall originally had an open arcade

## 7.4 A new entrance

Whereas it has been noted that the portico dominates Market Square, it is not a particularly welcoming entrance to the City Museum. In fact, for some time, it has attracted anti-social behaviour thereby further alienating the potential museum-going public who tend to seek refuge in the adjacent Library.

The north side of the building has an entrance with level access, with a porch added in the 19C, which opens onto a smaller square. This could become a more attractive entrance to the museum and, improving the landscaping of the square, incorporating perhaps a 'vacant plinth' (which could host changing sculptures by local artists) would draw people off the pedestrianised Market Street, re-energising New Street at the same time.

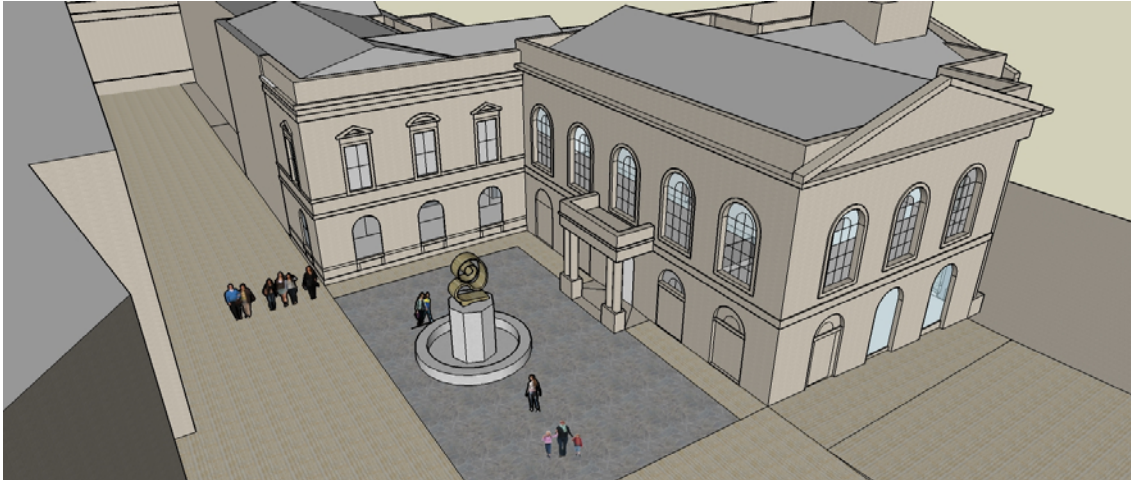


Figure 31: A new entrance and rejuvenated 'museum square'

Using this as the main public entrance to the museum has a number of advantages:

- It provides level access directly into the main circulation corridor, effectively creating an entrance hall with a staircase to the upper galleries, and
- With modifications to existing partitions, a staircase down to new facilities in the basement and also,
- Access to a new passenger lift located in the existing external lightwell. The new museum will need to have full disability access and a new lift in this location will serve both the basement and 1<sup>st</sup> floor with convenient lobbies at each level.

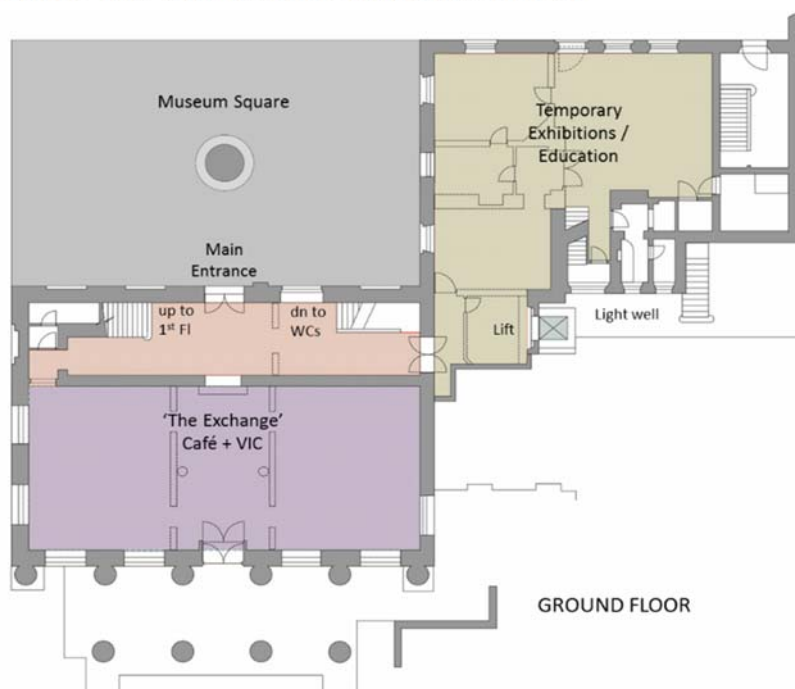


Figure 32: Ground floor showing the new entrance off 'Museum Square'



Figure 33: A new entrance hall and lift lobby giving access to the Basement and First Floor Level

## 7.5 'The Exchange'

Such an approach would also enable a new open-plan space to be created on the ground floor by removing the existing partitions, which create the current entrance hall, but retaining the three original columns which support the first floor. Increased transparency and public awareness of the changing offer of the new museum would be achieved by replicating the original arcade by replacing the existing ground floor windows by glazing the arches.

This new gallery might become known as 'The Exchange' - a new kind of inclusive suite which merges tourist and local information with museum objects, resources and merchandise in a comfortable, inclusive, cafe setting. The existing main entrance doors under the portico would provide direct access for installations and mounting exhibitions as well as an alternative entrance and means of escape. It is anticipated that during the summer months this gallery could take on a different role with the adjacent portico acting as a transition space between it and activities in Market Square.



Figure 34: A new open-plan gallery on the ground floor

We envisage that 'The Exchange' will be a destination in its own right whilst providing a highly motivating introduction to the museum environment.

'The Exchange' will provide a welcoming, relaxed atmosphere in which locals and visitors engage with art and artefacts which illuminate the story of Lancaster and the District whilst imbibing local produce and information. In so doing it will engage people with their cultural heritage who might not otherwise visit a museum.

Changing exhibits and themes would maintain a fresh and vibrant offer encouraging new visitors as well as repeat visits, while enabling a revenue stream to be generated through the sale of books, merchandise, food and drink as well as accommodation bookings and the sale of tickets for local events and attractions.

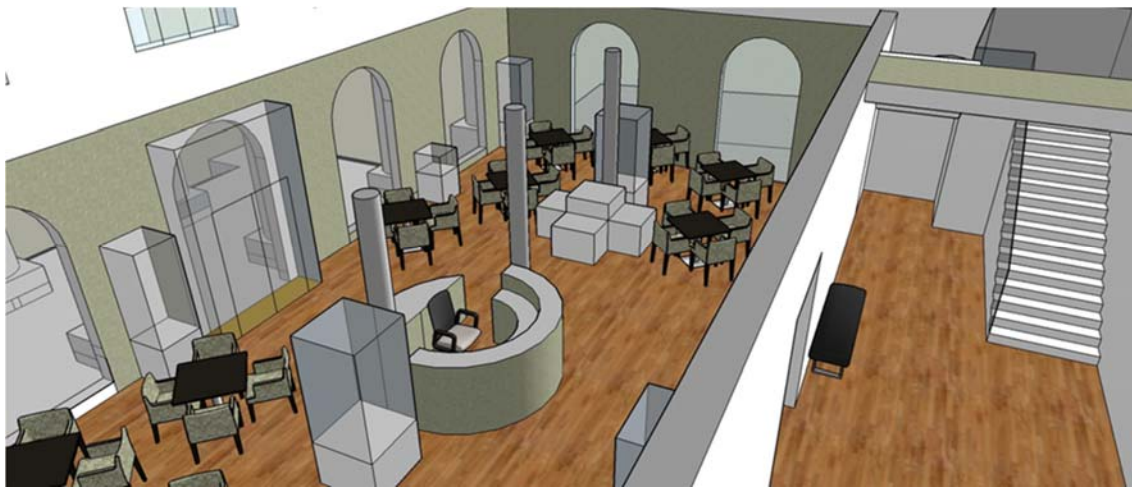


Figure 35: 'The Exchange' – a new visitor destination

'The Exchange' would include the following indicative features:

- Licensed bar / counter dispensing coffee and cakes, drinks and local produce
- Reception / pay point for information and merchandise
- Individual showcases containing artefacts interpreted by graphic panels
- A range of comfortable seating with low tables, stools and high tables
- Freestanding or wall mounted museum objects
- A changing pattern of displayed artwork
- Overhead directional speakers giving a narrow cone of ambient narrative or oral history
- Books for sale on shelves and on tables
- WiFi for personal connection to the museum's intranet and access to its curatorial resources.

## 7.6 Catering offer

It is envisaged that the catering offer in the museum café will essentially be limited to ‘a *Costa*-type operation’, serving good-quality coffee, teas, cakes and sandwiches from an ‘open servery’ with microwave and refrigeration facilities but no kitchen back-up. The café should be licensed to enable alcoholic drinks to be served at lunchtime and during evening events. Should additional catering be required for, for example, evening activities during the summer months, this can be provided by contract caterers on an as-needed basis.

In addition, there is also the possibility of using part of the basement as a kitchen/food preparation unit, perhaps in partnership with the use of the large and well-equipped kitchen at the Storey, thereby increasing throughput at the latter whilst simultaneously removing the need for duplicate facilities at the City Museum.

## 7.7 Vertical circulation and wheelchair access

There is no existing passenger lift in the City Museum. A new lift is thus a primary requirement to provide access for wheelchair users and other visitors to the basement and upper levels of the museum. Having regard for the Listed status of the buildings and the need to minimise structural interventions and demolitions, the most practical location for a new lift is in the external lightwell between the New Street building and the adjacent Library building. This would serve the basement, ground and first floor levels, with conveniently placed lift lobbies and access provided by the enlargement of existing windows. Existing services ductwork within the lightwell would require some re-routing to enable a self-structural lift system, such as a *Stannah Piccolo* model, to be installed.

## 7.8 Temporary and special exhibitions

Temporary and special exhibitions are the lifeblood of museums. They provide a changing offer to attract repeat visits, a means of rotating the collection from storage to display and hosting travelling exhibitions for which an admission fee can be charged.

The removal of internal walls and partitions currently enclosing the curatorial offices and the education room on the ground floor of the ‘New Street’ building would provide a new gallery of approximately 100m<sup>2</sup>.

Depending on the availability of alternative gallery space, such as discussed below, this space could also be used for education and training purposes or as a Visitor Information Centre and museum shop with direct access from New Street.

## 7.9 ‘The Sanctuary’

Whereas it is not practical to create a direct internal means of public access between the City Museum and the adjacent Library, the hall known as ‘The Sanctuary’ at first floor level of the Library building

would provide an alternative special exhibitions gallery of some 120m<sup>2</sup> for possible use by the Museum.

Accessible via the Library's main entrance in Market Square, The Sanctuary is served directly by a staircase and a wheelchair compatible lift. This option is worth further investigation given the apparent demands on alternative exhibition space in the Storey and will be subject to negotiations with the County Council which owns and manages the Library.

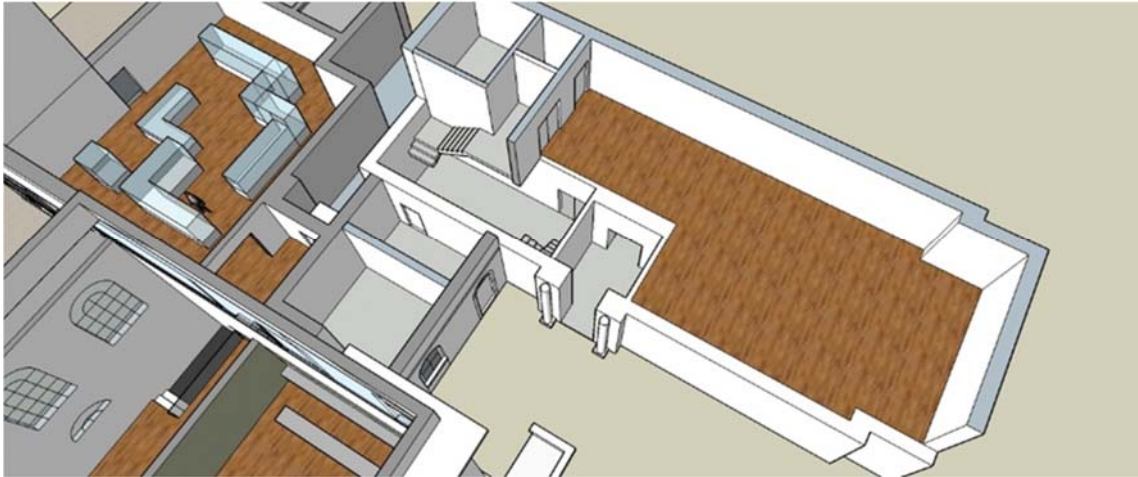


Figure 36: A new temporary exhibition gallery and The Sanctuary in the adjacent Library

## 7.10 The Basement

The basement, which extends beneath both the Old Town Hall and New Street buildings, comprises a series of barrel-vaulted chambers, having some 2.5m maximum internal height, and is accessible by an existing staircase from the Ground Floor circulation corridor.

Whereas consideration was originally given to making this space available for commercial (restaurant) use to create a rental income stream for the City, it is now proposed that new toilets, a cloakroom and staff room should be provided at this level, in addition to the existing plant room and storage spaces.

The reason for this can be summarised as:

- External public access and means of escape is poor
- Servicing a restaurant operation will be difficult and costly
- A catering operation in the basement could be detrimental to museum use
- Health and safety issues could arise
- Toilets for museum visitors and staff would need to be located elsewhere.

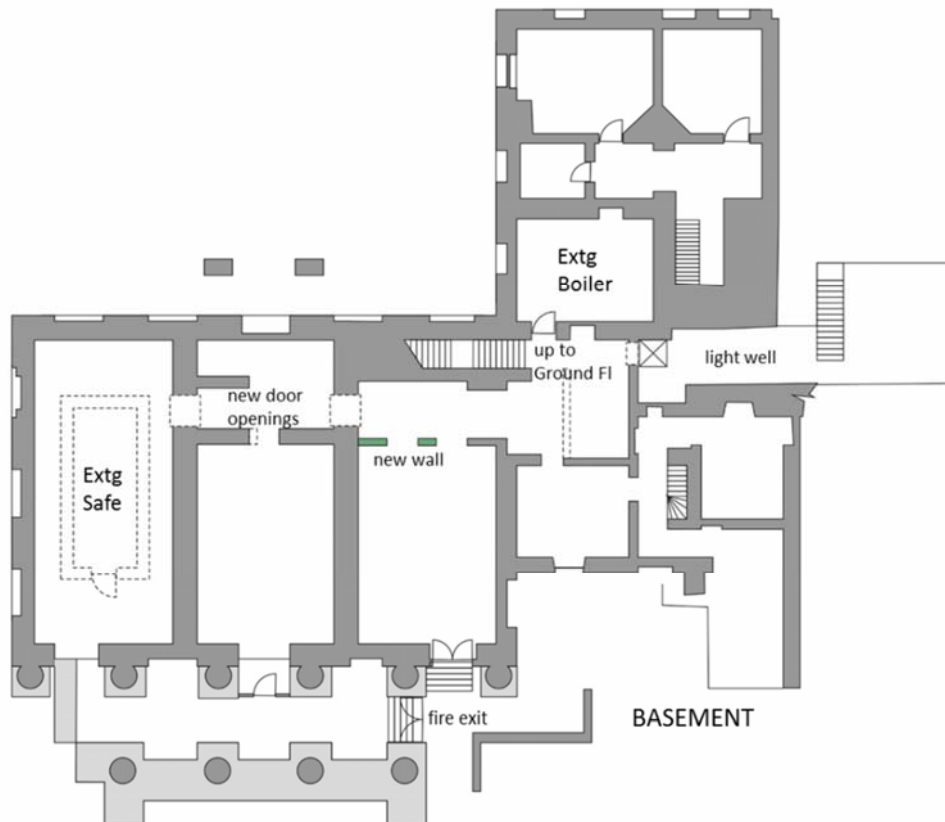


Figure 37: The Basement – existing arrangements

This policy ensures that adequate facilities are provided for increased visitor and staff numbers, whilst maximising the available gallery space at the Ground and First Floor levels. The inclusion of a new lift in the existing external lightwell will also serve the basement level with a conveniently positioned lift lobby.

Some new openings in the vaulted structure will be required to create new doorways, together with the installation of new electrical, water supply and drainage services and a general upgrade of wall and floor finishes.



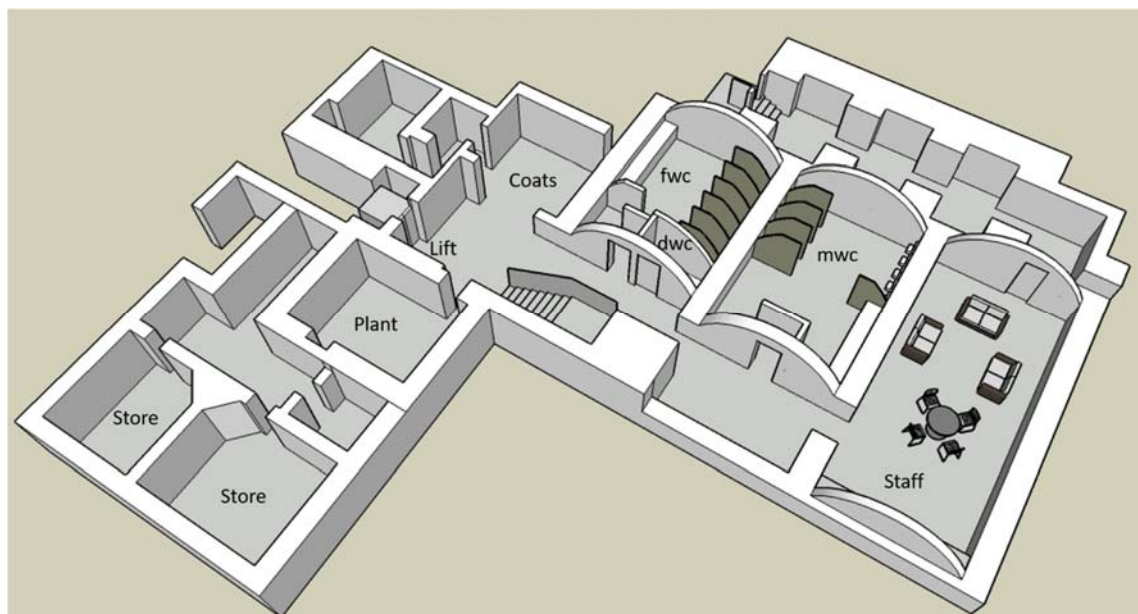


Figure 38: The Basement - refurbished to provide a cloakroom, toilets and staff facilities

### 7.11 First Floor level

Ascending to First Floor Level, visitors arrive at the heart of the new museum.

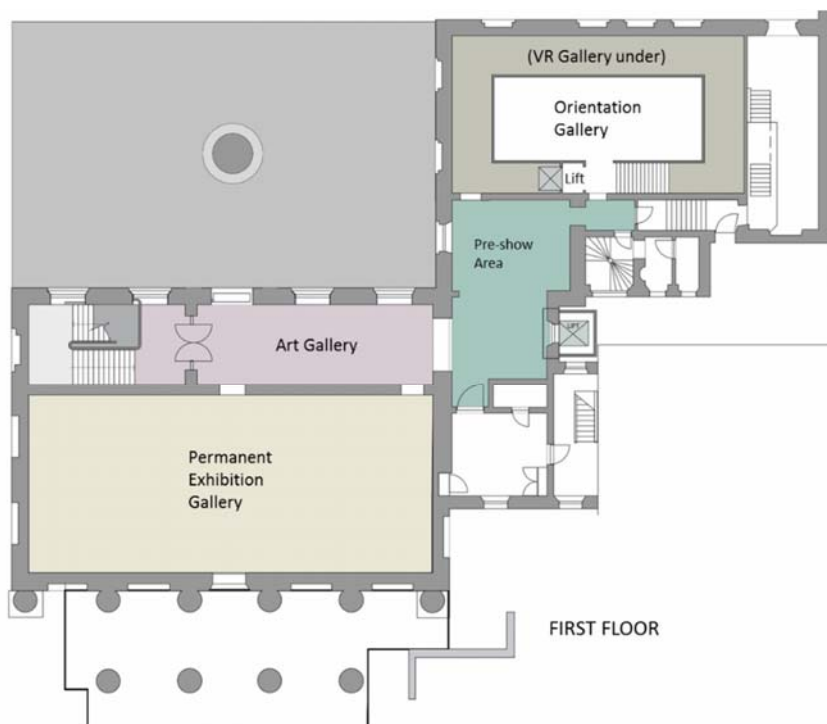


Figure 39: First Floor level



Figure 40: Proposed First Floor layout

## 7.12 Orientation and immersive galleries

The space currently occupied by the KORR will accommodate a new 'Orientation' exhibit, utilising the existing mezzanine gallery modified to incorporate a wheelchair hoist.

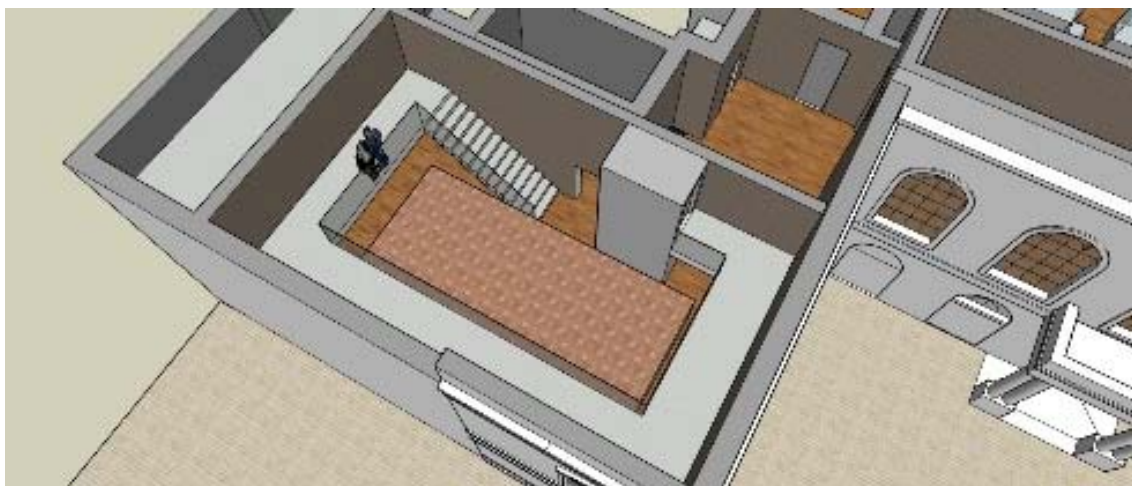


Figure 41: The existing mezzanine gallery modified to incorporate a wheelchair hoist

Orientation to the district's cultural and natural heritage could be provided by:

*... the vertical downward projection of a digitally-mastered programme onto a large scale, contoured horizontal surface representing the post-glacial landscape of the district. The existing gallery arrangement in the KORRM provides an ideal environment for this presentation. Visitors will see how the landscape has evolved over time as a result of human intervention and population growth, and where, for example, archaeology has revealed significant finds, some of which are now in the museum's collection (such as the Roman tombstone, Quernmore Burial and the Viking-era Silverdale Hoard) and key events in the District's history. This would provide*

visitors with an important contextual overview of the cultural offer of the District as an introduction to the Museum experience and before venturing on-out to more remote sites ...

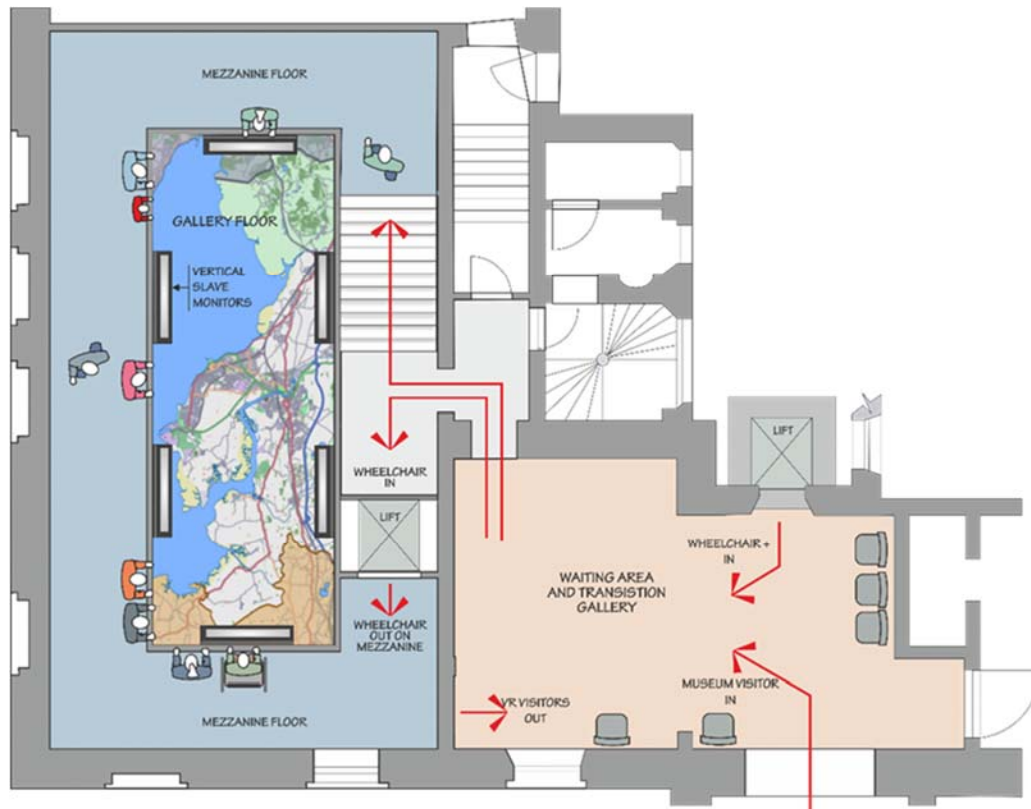


Figure 42: Proposed Orientation exhibit with mezzanine viewing gallery

Visitors would then have the opportunity to investigate this cultural landscape on a more personal level through a fully-immersive Virtual Reality experience. The void below the mezzanine level will be screened from the projection exhibit to create a 'U' shaped gallery which could accommodate a VR experience for up to 15 people simultaneously. The geography of the district including the city, the Lune estuary and Morecambe Bay provides suitably dramatic terrain.

*...Geological formations will unfold to reveal natural features and the impact of human colonisation. A simulated flight from the battlements of Lancaster Castle could hover over the developing medieval city before heading off to the Crook o' Lune where Turner could be seen capturing its beauty on canvas. Skimming over the water downstream and under the Skerton Bridge will reveal the quayside, the estuary and the Energy coastline before heading north over flocks of saltmarsh sheep to the sands of Morecambe Bay with its Victorian holiday makers, shrimpers and kite surfers...*

The narrative is constrained only by the imagination of those engaged to produce the experience. And, of course, once the hardware has been put in place the number of such VR experiences is limited only by budget and the need to refresh the experience.

It is worth noting that this type of experience can be used for both training and educational purposes and if developed and managed appropriately, as well as being a significant income-generator for the museum, will place it at the vanguard of regional museums adopting this technology.



Figure 43: The relationship between the Orientation and immersive Virtual Reality galleries

There is adequate space between the proposed lift lobby and this immersive gallery to provide a 'holding area' for visitors to enable headsets to be retrieved, refreshed and redistributed. The existing adjacent staircase provides an alternative means of escape from this area with an exit onto New Street.

### 7.13 The permanent exhibition gallery

A series of thematic displays in the adjoining first floor gallery would then enable visitors to confront primary artefacts, to which they will already have been introduced in the 'Orientation' gallery, and understand the detailed stories that connect them with the District and its history through graphics and audio narrative.

The notional idea of '*The History of Lancaster in 50 Objects*' may have merit as an approach, particularly as 'the 50' can be changed regularly as part of a rolling programme.

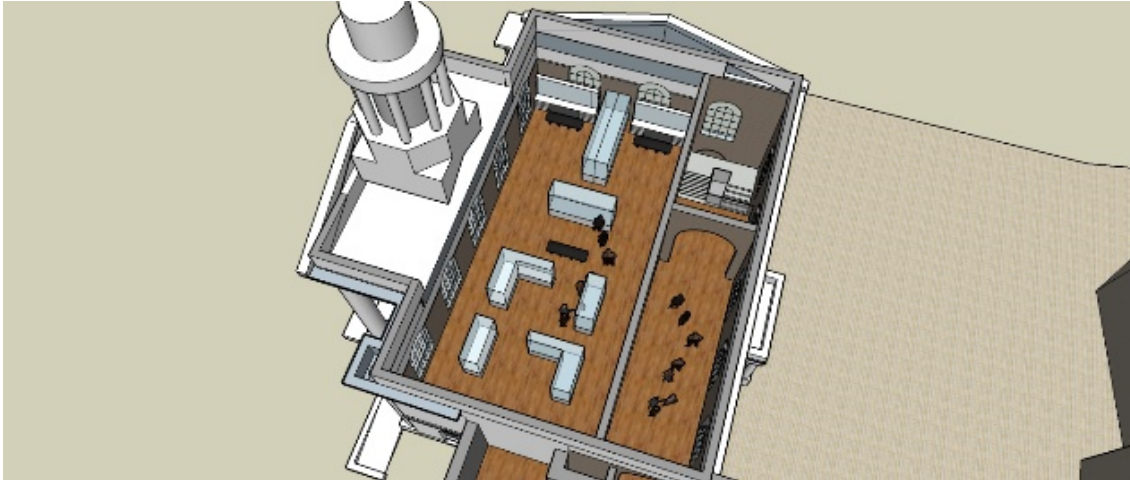


Figure 44: An indicative layout of the First Floor gallery

There will also be an 'investigative' area where groups of smaller objects will be stored in display drawers and cases and specific items can be studied in detail with touch screens providing access to the museum's intranet and curatorial resources.

With over 350,000 items in the collections, this is a tried and tested way of making more of these accessible within the museum itself, in addition to adopting an access policy in the remote Collections Centre.

Small object collections, such as coins, arrow heads or natural history specimens, will be displayed in secure drawers to encourage comparative study. This has important educational and research benefits and has the added advantage of increasing dwell time in the museum.

Similarly, hands-on activities should be encouraged. For example, replica Roman board games could be played alongside the actual gaming pieces, safe in their secure environment<sup>73</sup>. It is possible to envisage a whole suite of such experiential exhibits based around historic themes. '*Hazard*' a notorious dice-based betting game was introduced to the District sometime in the 14C, possibly by Henry of Grosmont, 4<sup>th</sup> Earl of Lancaster or perhaps by John of Gaunt, 1<sup>st</sup> Duke of Lancaster.

<sup>73</sup> In Lincoln exhibits are *Latrunculi* (Roman Chess) and *Terni Lapilli* (Tic-Tac-Toe).

It is anticipated that the existing architectural features in this gallery which testify to earlier uses, such as the ceiling mounted gasoliers and decorative historical frieze, will be retained and incorporated within the contemporary fit-out.

### 7.14 A new extension to the City Museum – the preferred option

The above commentary gives an indication of the way in which the City Museum could be redeveloped, subject to statutory controls, to attract and support a wider audience and significantly larger visitor numbers. The nature of the historic buildings it occupies, however, does limit the potential of the Museum in some key areas.

Reception and welcoming facilities remain inadequate together with a high-profile visitor information, and merchandising outlet. Curatorial office space is reduced in favour of increasing the public realm of the Museum and existing circulation routes compromise the optimal flow of visitors, particularly with regard to the location of the 'Orientation' gallery.

A key outcome of the stakeholder workshop, held in November 2016, is that the preferred option is for a new, two-storey extension to be built in the small square to the north of the Old Town Hall. This solution would potentially resolve the issues outlined above by providing some additional 300m<sup>2</sup> of floor area. Having due regard for existing building lines, a detached, essentially transparent building with a footprint of approximately 17m x 9m is envisaged.



Figure 45: A cutaway view of the proposed new extension

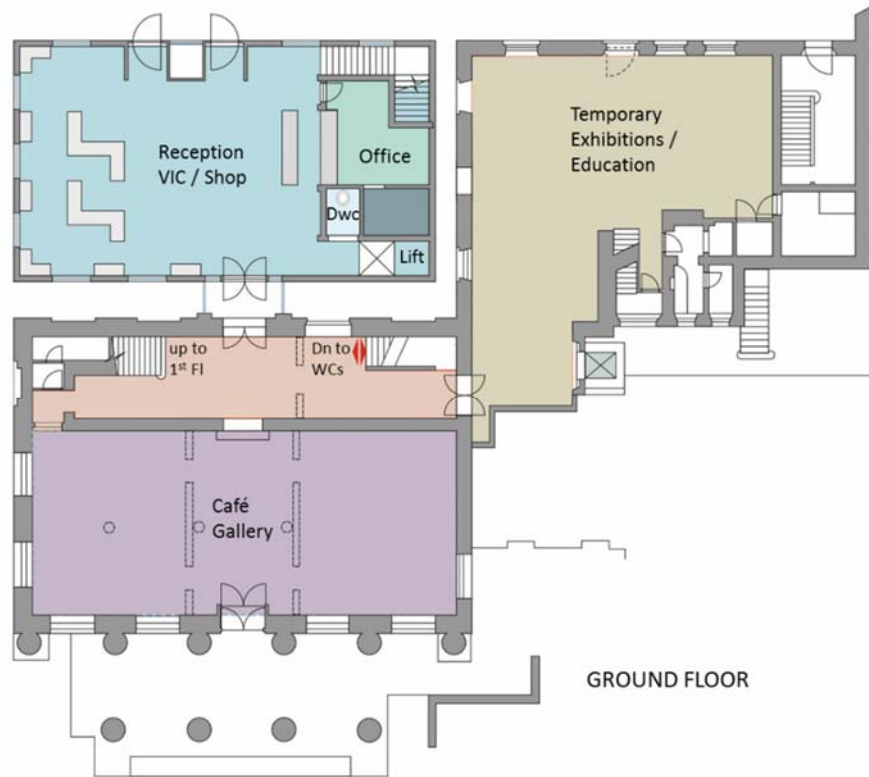


Figure 46: Ground Floor plan – the preferred option

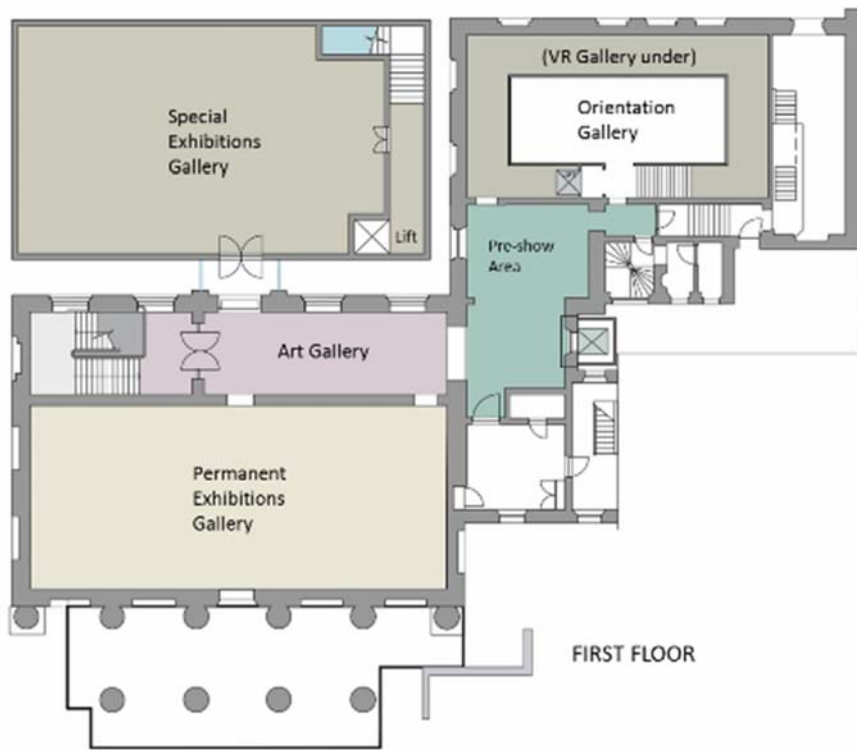


Figure 47: First Floor plan – the preferred option



Figure 48: Cutaway views of the proposed new extension



It is understood that the proposed site for this new extension is currently owned by Lancashire County Council Highways Department and therefore a change of ownership would need to be negotiated prior to, or as a function of, the statutory Planning process. It is also noted that the two existing disabled car park spaces and four existing trees on this site would need to be relocated.

It is likely that excavations on this site as part of the development work will reveal important archaeology and an assessment of this, including a desk study and trial excavations, will be required prior to, or as part of, the formal Planning process. The outcome of this study will have important implications for the decision to develop this site and, in particular, the design of the foundations of the new building.

A new extension in this location would provide a highly visible new Museum entrance and reception area with curatorial offices, visitor information and merchandising at ground level and at the pedestrianised junction of New Street and Market Street.

A passenger lift and stairs to First Floor Level in the new extension will provide access to a purpose-built 150m<sup>2</sup> exhibitions gallery and will also enable visitors to enter the 'Old Town Hall' building, through a modified window opening above the existing entrance porch. This will permit an optimal top-down visitor flow through the existing Museum buildings, exiting through the retail area in the new extension.

A toilet for wheelchair users located on the ground floor of the new extension will obviate the need for a secondary passenger lift in the lightwell to provide disabled access to the basement toilet facilities.

The relationship and connectivity between the new extension and the existing Listed buildings will need careful consideration as part of the detail design process. The current plans indicate a void between the new and existing buildings and it will be important that they are both visually and physically disconnected. However, it is recognised that for practical purposes the gap will need to be effectively closed off to the public while providing access for maintenance and cleaning purposes.

Whilst it is recognised that this proposal would involve the development of a highly sensitive city centre site, a high-quality new building would transform the offer of the City Museum, over and above the benefits described above and act as a catalyst for the regeneration of both cultural and commercial activity in the immediate vicinity.



Figure 49: An aerial eye view of an indicative new extension to the City Museum

The added value of a new extension can be summarised as providing:

- Much-needed reception and welcoming facilities for an increased number of visitors
- A high profile visitor information centre and retail outlet (otherwise co-located with the café)
- Curatorial offices and retail storage space
- Direct access by stairs and a passenger lift to a new special exhibitions gallery
- Access to both the ground and first floor levels of the Old Town Hall building
- Disabled toilet facilities on the ground floor.

It will also:

- Reduce the need for demolition and new structural works to areas of the existing buildings
- Obviate the need for a new passenger lift within the existing buildings
- Enable spaces in the existing buildings to be used more flexibly
- Create management and staffing efficiencies
- Enable an optimal top-down visitor flow through the museum
- Enable a dedicated education space to be provided with a separate schools entrance
- Revitalise New Street by generating significant footfall
- Raise the profile of the City Museum as a new visitor destination.

## 7.16 St Albans Museum – a current comparator project

Planning permission and listed building consent for the new £7.75 million St Albans Museum and Gallery project has recently been granted by St Albans City & District Council. The Old Town Hall dates from 1830 and is one of the most prominent features of the City's Conservation Area.

The plans are for an ambitious scheme to convert the City's Grade II\* Listed Town Hall into a new state-of-the-art museum and art gallery. Now that the Council is able to proceed with the project, building work is expected to start in the spring.

Historic England has worked closely with the Council on its proposals to transform the Grade II\* Listed Building. The planning decision follows the recent £2.5 million award by the Heritage Lottery Fund which had previously provided £300,000 by way of Development funding.



Figure 50: St Albans Museum in the Old Town Hall

The project's publicity material states that<sup>74</sup>:

*The new museum and gallery will rejuvenate the cultural life of the District. It has been in development since 2012 in a partnership between the Council, St Albans Museums and Galleries Trust and the University of Hertfordshire. It is scheduled to open in autumn 2017.*

*The overall cost will be £7.75 million with the Council committed to providing funding of £3.3 million. St Albans Museums and Galleries Trust, a registered charity, is leading efforts to raise £1.7 million with the HLF providing the rest of the required finance.*

*The old Town Hall's ground floor's entrance halls will be turned into a reception area and exhibition space. There will be an information resource for the building and City, a specialist shop, café and dedicated education area nearby.*

<sup>74</sup> Source: [www.stalbansmuseums.org.uk/project/](http://www.stalbansmuseums.org.uk/project/)

*The Victorian courtroom will be renovated and have a number of uses including education and providing additional café seating.*

*On the first floor, the Assembly Rooms will be refurbished and used for civic and public events including heritage and art exhibitions. Glazed walkways will connect the front and rear.*

*The basement will house a secure ambience-controlled gallery capable of hosting national and international exhibitions.*



Figure 51: A model of the proposed redeveloped museum

## 8 Governance

### 8.1 Governance issues

Lancaster City Council currently has three museums, all based in Lancaster city centre: the City Museum in Market Square, the Maritime Museum on St George's Quay and the Cottage Museum at St Mary's Parade, opposite the main gate of Lancaster Castle.

Since 2003, all three of the City's museums have been managed by Lancashire County Council as part of a Museums Service Partnership Agreement which was established initially for a ten year period and which is currently under review.

Any future arrangements need to reflect (a) what the museums service can 'do' for Lancaster, (b) how it can do it, and (c) who is best placed to own, govern and manage it.

There appear to be three management options for the City's museums:

- Remain, as now, under a (perhaps revised) arrangement with Lancashire County
- Move the operation in-house to the City
- Move the operation into a stand-alone charitable company or trust<sup>75</sup>.

These three are considered below, beginning with 'the trust option'.

### 8.2 The trust route

The fundamental, *theoretical* advantage of operating the museum service under some form of self-governing trust or similar vehicle is in its *potential* for effective governance and long-term planning, characterised by the following six elements. The governing body of an independent museum service should:

- Wholeheartedly believe in, and be prepared to work for, the museum's best interests
- Be free from local politics, but capable of exerting political influence when necessary
- Appreciate the vital importance of high quality, well-motivated staff
- Recognise that staff need academic and entrepreneurial freedom to perform creatively and effectively
- Be flexible in its response to changing circumstances to enable the service to adapt and evolve
- Be subject to a statutory guarantee of the inalienability of the service's collections.

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<sup>75</sup> The Charities Act [2011] defines 'charitable purposes' as being an activity that falls within thirteen heads of charity, and is for the public benefit. Within these thirteen heads those that are specifically relevant to the provision of museums include 'the advancement of education', 'the advancement of the arts, culture, heritage or science', 'the advancement of environmental protection or improvement' and 'the promotion of the efficiency of the armed forces of the Crown'. Trading activities are considered charitable if, and only if, their sole purpose is to support the aims of the charity – such as a museum shop or museum café.

The responsibilities of the governing body are to:

- Provide a framework of plans and policies that define the museum's purpose, monitor achievement of these objectives, and to communicate these to all who work for the museum, and to external stakeholders
- Act as an advocate for the museum within the community and elsewhere
- Provide for the safety, security and preservation of the museum collection
- Secure adequate resources to enable the museum to carry out its work, and ensure that these are managed effectively and efficiently
- Ensure the museum serves the public
- Ensure the museum's financial stability.

In discharging these responsibilities, the governing body has four key roles:

- Ensuring a balance between benefits for present and future generations
- Maintaining goals consistent with financial resources
- Matching sources of funds with their uses
- Providing a sustainable organisation.

The emphasis is therefore on:

- Accountability (the monitoring of performance and incentives for good performance)
- The separation of strategy from delivery, and a focus on management rather than policy
- An inclination to introduce market mechanisms for delivery, including competition and contracting-out
- Responsiveness to customer preferences
- Disaggregation of (large) bureaucratic structures.

In most cases where a local authority devolves its museums to a third party, the following characteristics emerge:

- The devolved body is usually a charity ('a museum trust') created especially to deliver a local authority's museums services, with the intention of a long-term relationship between the council and the museum trust
- The collections may or may not be transferred to the trust
- All the council's museum responsibilities (including strategic planning) are transferred, not only day-to-day management responsibilities
- There is a sharing of risk between the council and the museum trust for a defined period.

Some fifty or so devolutions from local authorities have taken place in England and Wales over the last twenty years for museums and museum services of all sizes. Whilst the trust model is by far the most common, there are others:

- National museums (Merseyside County Museums became what is now National Museums Liverpool)
- Joint committees (such as those for Tyne and Wear Museums, the North of England Open Air Museum at Beamish, and for a number of the museums operated by the Hampshire County Museums Service)
- The private sector (eg, at Weymouth and Walsall)
- Outsourcing to an existing independent museum or heritage organisation (eg, West Park Museum at Macclesfield to Macclesfield Museum Trust, and Baysgarth House Museum in North Lincolnshire to Barton-on-Humber Community Heritage Arts and Media Partnership).

Reasons for the transfer are rarely couched in terms of the need to improve the service to the general public or to improve the service's efficiency and effectiveness. More common reasons are:

- To develop a newly-established museum service or capital project – while common in the 1980s and 90s, this is becoming increasingly less relevant
- As a response to funding difficulties within the local authority – increasingly the most common
- As an outcome of a best value review by the local authority
- As a consequence of moves to rationalise a service's branch museums or to combine the museums with other services.

The general advantages experienced by the devolved museum trusts are generally *reported to be*:

- A greater sense of direction, freed from the wider corporate issues of local authorities, and the ability to focus on the core business
- Flexibilities and freedoms to establish plans and policies appropriate to the need of current and potential audiences as well as stakeholders
- Management structures that enable timely decisions to be made at the most appropriate operational level
- A sustainable framework, based on funding arrangements, that create a stable basis for long-term business planning and development
- The opportunity for changes in working practices (and staff realignment) in the museum organisation
- Opportunities to benefit from the financial advantages of charitable status and to increase income through commercial activity and sponsorship within the constraints of the Charities Act [2011]
- Opportunities to make new connections and freedom to develop new partnerships (both in the museum sector and outside) relevant to the museum's core purpose
- A greater attractiveness to financial donors or persons considering long-term collections loans.

### 8.3 Remain in local authority control

Reasons to remain in public ownership include:

- It was believed that other means, such as a revised partnering arrangement, would reignite the museum
- The museum was perceived to be ‘working well’, so there was no reason to change
- Principled political hostility to ‘hiving off’ services
- Some stakeholders (eg, trades unions) may be opposed to what could be seen as being privatisation
- Devolution is perceived as ‘selling the family silver’
- There was no substantial and immediate financial incentive to devolve (this needs to be tested on a case-by-case basis)
- Previous devolutions had led to financial or organisational difficulties for the council
- Legal obstacles (such as ownership of the collections) made the devolution tricky or potentially too expensive
- There was no political or management impetus from within the local authority
- Changes in key personnel (whether political leadership or senior management) either stifled the process of change or reversed previous decisions for political or career-based reasons
- Either the council or the museum service claimed insufficient capacity or resources to undertake a comprehensive review or to manage the devolution process
- The vested interests of museum staff who feared job losses or changed working arrangements, or council corporate staff who feared the impact of change on their operations and career paths.

### 8.4 Types of devolution

Where devolutions have occurred, they are of the following types:

- Full – where the museum/service is transferred as a going concern, with all its assets, to a newly-created recipient body (trust)
- Hybrid – where responsibility is devolved to a museum trust, as are some assets, but others are retained by the Council (eg, staff remaining part of the council and seconded to the museum trust).

Some museums have been transferred to more all-embracing ‘culture/leisure trusts’ which cover a wider range of cultural activities. While the benefits of a strategic approach to cultural policy is self-evident, whether there is sufficient advantage in translating this into operational arrangements needs to be considered on a case-by-case basis. For example, the relatively small scale of museum operations within a larger culture/leisure trust’s operations (if, say, it includes leisure and sports provision as well) may simply transplant the difficulties they face within the wider local authority set-up, whilst paradoxically making advocacy to the funding body more difficult.



The evidence suggests that local authorities are unlikely to make immediate and substantial financial savings from devolution. The period of financial hand-over is likely to take years (in a few cases, decades) with the council usually retaining some form of financial commitment for the long term, albeit reduced from the initial sum.

Usually there is an up-front premium paid by the local authority to kick-start the transfer, not least in terms of legal and business planning costs as well as, for example, additional investment to compensate for deferred building maintenance (as would be the case in Lancaster).

Hence, rather than seeking immediate financial savings, key objectives for devolution are usually longer-term and are often expressed as the intention to:

- Develop the museum service and continuously improve its quality
- Make significant investment in the museums service through external funding not usually available to the council
- Promote the museum service to an expanded market, and respond more rapidly to market forces
- Provide direct accountability to the community on whose behalf the museum holds the collections
- Provide an economically-viable future for the museum, based on sound business planning
- Widen the financial support for the museum both within the community and nationally.

Devolved museums have usually been incorporated as charitable companies limited by guarantee (which may be styled as 'trusts'), governed by boards of between five and fifteen members, of which up to 20% are usually nominated by the core-funding local authority.

Lacking any generally-accepted consensus of what constitutes 'a successful museum', it is difficult to state with confidence that devolved museums are any more successful than those that have remained part of local authorities. Devolution, in and of itself, is no guarantee of better governance or management.

Additionally, the following general points can be made:

- There is no single, shared business or operating model common to all devolved museums, the balance between earning income from visitors, winning grant funding, and commercial development differs from museum to museum and from place to place. Each case requires its own business model
- Devolved museums have performed well in attracting additional funding, though most of this comes from public funding sources available to other museums, and it appears that relatively little effort has been put into cultivating potential private donors, which has a longer lead-time and where benefits are less immediate
- They are generally responsive and entrepreneurial, although many have created new bureaucracies to replace those of their local authority predecessors. Their external funding bodies have their own reporting requirements which can prove onerous.

## 8.5 Risks of devolved museums

The risks faced by devolved museums are:

- Over-rapid growth that takes the museum beyond the levels where it can be sustained by its business model
- Stagnation of core funding increasing the income required from other sources beyond realistically-achievable levels
- Over-reliance on external project funding which places areas of activity at risk when that funding dries up
- A change of political philosophy within the local authority that requires an end to devolved arrangements and the return of services to direct delivery
- Changes in taxation (and especially in VAT) which inadvertently place pressure on free-admission museums
- Increasing pension liabilities compromising the museum's core budget
- The inability of the museum to recruit high-caliber trustees to replace the founding board.

## 8.6 Recommendation: management by the City Council

At present, Lancaster City Council contracts the management of its museum service to Lancashire County Council for a fee of approximately £520,200 a year. If this remains unchanged, it would equate to a cost of more than £2.6 million over five years, and more than £5.2 million over ten years, net of inflation.

The City Council is also under pressure to make substantial savings on a year-by-year basis on its overall costs and to provide additional value for money services for the assets under its control.

Our researches have led us to conclude that there is no reason, compelling or otherwise, for the museum service to continue to be operated outside of its direct control by some form of third-party arrangement.

There is little, if anything, to be gained by pursuing the trust route or continuing with the management arrangement with the County Council. Indeed, the risks in terms of the ability of the City to use its museum assets to support its wider cultural and economic development agendas are considerable if it continues so to do.

Our firm recommendation, based on the above analysis, is that the City should therefore terminate its arrangement with the County as soon as protocol allows and govern and manage its museums in-house.

The business case is based on this recommendation.

## 9 The Business Case

Producing a coherent business case for a new or revitalised museum service is fraught with danger since any and all businesses will be faced with issues that, at the time of their appearance, are likely to be outside their control. This is particularly the case with the ‘visitor economy’ in which issues such as petrol prices, inflation, national security and the availability of concessionary spend are all relevant.

Nevertheless, a statement of what the service is aiming to achieve and how it tries to achieve it is an essential component of any feasibility study; as is, of course, an understanding of the level of risk associated with any investment and the returns that are likely to be achieved.

This business case is in two parts.

The first looks at and considers capital costs; the second reflects on revenue implications. It begins with the overall approach.

### 9.1 Financial modelling – the approach

In taking a considered, balanced view of the future operation of the service a simple, linear decision-tree model using a quasi-Boolean approach<sup>76</sup> was developed and tested internally.

Such a model assigns judgemental values (most often reflected as percentages) to decisions or projections as they are made and, as decisions follow based on previous projections, a cascade of outcomes and their implications necessarily follows. The multiple of the percentages indicates the relative benefits (or dis-benefits) of making any particular series of decisions and hence in recommending any specific course of action.

When using percentages (as is the case here) a ‘score’ of 100% represents no change, anything less than 100% reflects a negative (detrimental) change, and anything over 100% a positive (beneficial) one.

Note that because the model is item-dependent (in as much as a change in one can have a large effect on the others through the resulting cascade) there are no absolutes: a ‘plus 200% score’ does *not* imply that the change will make the service *twice as good* ... merely that it has a significantly greater chance of being ‘better’.

And, of course, the proposed changes – and hence the weightings – are assessed against the overriding criteria of making the new museums service a flexible, outward-facing business that adds value to each and every visit whilst also making a positive contribution to the social and economic well-being of Lancaster and its district.

All models need inputs and all models produce outputs. At its heart, the model shown here uses qualitative inputs to infer quantitative outputs and, since the model works in a real-world

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<sup>76</sup> Decision trees are a major part of Boolean (yes/no) Algebra and provide a useful tool with which to simplify and understand complex, real world problems. See: Crama, Y; Hammer, P. L. (2011) *Boolean Functions*, Cambridge University Press.

environment, theoretically any and all outcomes are possible and thus, in absolute terms, an infinite number of outcome-models could be produced. Therefore, to produce a usable model, the application of professional judgement is critical to the inputs and their respective weightings which are, in and of themselves, available for criticism and comment.

Based on these understandings and caveats, the resultant model is presented overpage, from which the following observations can be made:

- The decision to remain operating under the existing contract with Lancashire County Council will impact detrimentally on the service in Lancaster City since it does not generate growth nor, as it is being administered currently, can it foreseeably do
- Growth, in the terms demanded by Lancaster City Council as part of its wider economic development agenda, is more far more likely to occur if the service is taken under its direct control
- Long-term decision-making and financial well-being relying on Lancashire County Council is a major risk to the City and should be avoided
- The disposal of, and re-use, of some of the City's museum assets (specifically the Maritime, Customs House and the Cottage) will free up opportunities for the City Museum, 'found venues' and the Collections Centre
- The change of operation to in-house allows fresh thinking in terms of the delivery of services at the remaining outlets, including a new service-wide management structure: a new approach that will enable the service to become a real and vibrant part of the City's economic development ambitions
- All this will require new financial arrangements based on need and ability and focused on delivering an outward-looking service
- The objective is to minimise opportunity cost, manage all identifiable risks, enhance Value for Money, and deliver a better, sustainable and future-proofed service for the benefit of all.

The decision tree (as set out overpage) is helpful in as much as it indicates an overall, summary chance of the proposed model being successful at '150%'. This figure, which can be discounted as an absolute measure, simply means that the likelihood of long-term, sustainable success under the new model is higher and more readily achievable than following the status quo.

The rest of this business plan takes this analysis on board and hence describes a new way forward.

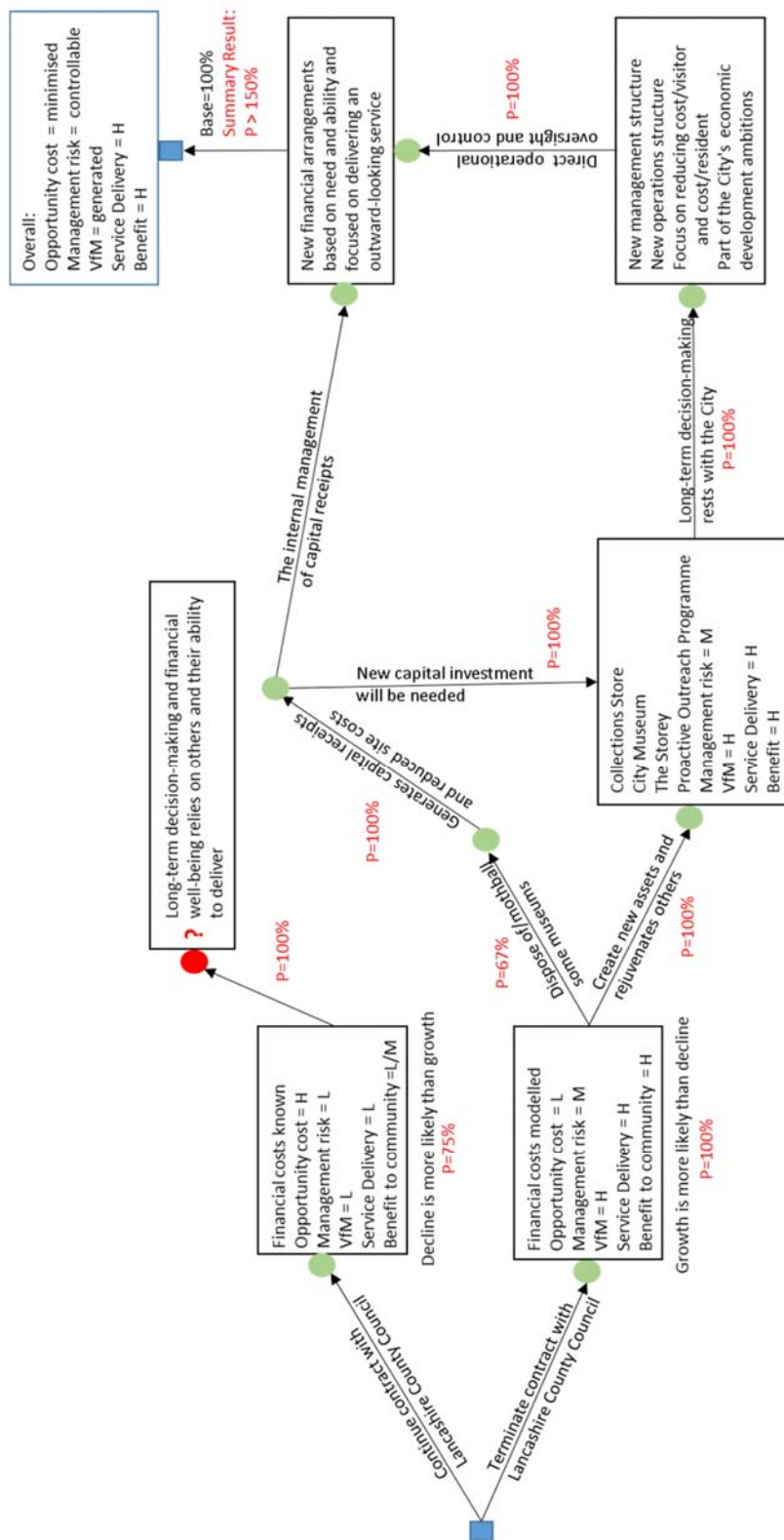


Figure 52: The business plan decision tree

## 9.2 Capital costs

The headline capital model is shown overpage and is laid out in the following four broad sections:

- The cost of creating a new Collections Centre in a new build facility on City Council-owned land (rows 2-5)
- The cost of redeveloping the City Museum in accordance with the ideas presented in this report (row 6-13)
- The cost of developing and promoting the service as a whole (rows 14-22)
- Summary numbers (rows 29-35).

The model suggests that the service as a whole requires a capital investment of some £7 million<sup>77</sup> to undertake the changes proposed in this report (row 25)<sup>78</sup>.

These overall costs have been developed from (a) an understanding of the nature of the buildings to hand or to be developed, (b) external and published references regarding fit-out costs per m<sup>2</sup> and (c) our understanding of what will be required to, essentially, resuscitate and re-present the museums service pre-relaunch.

It should be noted that the plans thus far developed are at concept stage. Detailed discussions with the appropriate authorities, such as the City's Planning Department or Building Control have not taken place nor have the plans been subjected to any form of value-engineering as this is inappropriate at this time.

Of course, all these figures are available for scrutiny – and to an extent depend on what is permissible under Planning – but we are confident that they are both justifiable and reasonable.

The following table sets out capital cost estimates for the Collections Centre, the refurbishment and extension of the City Museum and the Service as a whole, including professional fees and contingencies.

Fee percentages differ due to the nature and value of the work involved. Architects' fees, for example, vary depending on whether the work relates to new buildings or the refurbishment of existing buildings. It should also be noted that if the decision is taken to proceed with the development of a new extension to the City Museum then certain proposed works to the existing building could become superfluous, resulting in potential cost savings.

Such works include:

- A new passenger lift in the 'lightwell'
- Demolitions to the temporary exhibition / education area

<sup>77</sup> Of interest is that the CBI estimates that, on average, every £1 spent on capital works generates an additional £2 in the local economy. Source: CBI reported by BBC News on 23 November 2016.

<sup>78</sup> The report by Carillion entitled *Lancaster Maritime and Cottage Museums Regeneration Opportunities Stage 1 Report*, dated January 2017, independently supports the overall capital costs for the Collections Centre. Their report suggests that the build costs could be in the region of £1.1m. AP+P has allowed an additional £400,000 for fit out.

- Landscaping to the new entrance square
- VIC and reception facilities in 'The Exchange'.

1	OVERALL BUDGET HEADS (1)	£000	£000
2	<b>The Collections Centre (Section 4)</b>		
3	Fit out 1,500 m <sup>2</sup> at £900pm <sup>2</sup> (assumes new build; some on mezzanine; see specification) (2)	1,350	
4	Add: Fees at 12.5%	150	
5	<b>Total</b>		<b>1,500</b>
6	<b>The Refurbished City Museum - Preferred Option (Section 7)</b>		
7	General works to the building envelope (3)	300	
8	Main exhibitions and interiors fit out at 400m <sup>2</sup> at average £2,200 pm <sup>2</sup>	880	
9	Commissioned Virtual Reality for orientation space plus fit out	400	
10	Ground floor fit out at 215 m <sup>2</sup> at average £1,700 pm <sup>2</sup>	366	
11	New extension, servicing, fit out and external works; 370 m <sup>2</sup> at average £4,600 pm <sup>2</sup>	1,702	
12	Basement fit out 150m <sup>2</sup> at average £1,500 pm <sup>2</sup>	225	
12	Add: Fees at 15%	581	
13	<b>Total</b>		<b>4,453</b>
14	<b>The Service as a Whole</b>		
15	Research, create and launch new brand, including promotional, touring exhibition	45	
16	Launch advertising	55	
17	Enhanced digital web presence	60	
18	Movement and consolidation of objects into Collections Centre	70	
19	Primary object conservation and documentation related to above	75	
20	Sub-total	305	
21	Add: Fees at 30%	92	
22	<b>Total</b>		<b>397</b>
23	<b>Estimated total of Capitalised Costs</b>		<b>6,350</b>
24	Add: overall contingency of 10%	635	
25	<b>Budget</b>		<b>6,985</b>
26	Of which:		
27	Fees	946	14%
28	All others	6,039	86%
a	(1) includes all tender costs, fees and works for all aspects, overheads and profit; excludes inflation and VAT		
b	(2) all m <sup>2</sup> areas are GIA		
c	(3) includes Bullen Conservation Limited's 2009 quote of £200K for essential works, updated to Q1 2017		
29	<b>Elemental Summary</b>		<b>£ 000</b>
30	The Collections Centre (Section 4)		1,500
31	The Refurbished City Museum - Preferred Option (Section 7)		4,453
32	The Service as a Whole		397
33	Sub-total		6,350
34	Add: overall contingency of 10%		635
35	<b>Budget</b>		<b>6,985</b>

Figure 53: Overall capital cost model

If, for whatever reason, the proposed and recommended extension to the City Museum were **not** to go ahead, the above capital model would be revised as:

1	OVERALL BUDGET HEADS (1)	£000	£000
2	<b>The Collections Centre (Section 4)</b>		
3	Fit out 1,500 m <sup>2</sup> at £900pm <sup>2</sup> (assumes new build; some on mezzanine; see specification) (2)	1,350	
4	Add: Fees at 12.5%	150	
5	<b>Total</b>		<b>1,500</b>
6	<b>The Refurbished City Museum - Without the Extension</b>		
7	General works to the building envelope (3)	300	
8	Main exhibitions and interiors fit out at 400m <sup>2</sup> at average £2,200 pm <sup>2</sup>	880	
9	Commissioned Virtual Reality for orientation space plus fit out	400	
10	Ground floor fit out at 215 m <sup>2</sup> at average £1,700 pm <sup>2</sup> , plus external landscaping to new entrance	466	
11	New extension - not included	0	
12	Basement fit out 150m <sup>2</sup> at average £1,500 pm <sup>2</sup> , plus lift at £250k	475	
12	Add: Fees at 15%	378	
13	<b>Total</b>		<b>2,899</b>
14	<b>The Service as a Whole</b>		
15	Research, create and launch new brand, including promotional, touring exhibition	45	
16	Launch advertising	55	
17	Enhanced digital web presence	60	
18	Movement and consolidation of objects into Collections Centre	70	
19	Primary object conservation and documentation related to above	75	
20	Sub-total	305	
21	Add: Fees at 30%	92	
22	<b>Total</b>		<b>397</b>
23	<b>Estimated total of Capitalised Costs</b>		<b>4,795</b>
24	Add: overall contingency of 10%	480	
25	<b>Budget</b>		<b>5,275</b>
26	Of which:		
27	Fees	713	14%
28	All others	4,562	86%
a	(1) includes all tender costs, fees and works for all aspects, overheads and profit; excludes inflation and VAT		
b	(2) all m <sup>2</sup> areas are GIA		
c	(3) includes Bullen Conservation Limited's 2009 quote of £200K for essential works, updated to Q1 2017		
29	<b>Elemental Summary</b>		<b>£ 000</b>
30	The Collections Centre (Section 4)		1,500
31	The Refurbished City Museum - Without the Extension		2,899
32	The Service as a Whole		397
33	Sub-total		4,795
34	Add: overall contingency of 10%		480
35	<b>Budget</b>		<b>5,275</b>

Figure 54: Capital cost model without the extension



The effect of not having the extension is that the capital cost (Figure 54, row 35) is reduced to £5.28 million (this is, by a total of £1.71 million from the capital cost of the development *with* the extension; Figure 53, row 35).

This reduction takes into account and measures over all directly-associated fees and contingencies and includes the addition of a lift within the existing building to service both the basement and the first floor.

Such an outcome would, of course, have revenue implications, and these are picked up later in this Section.

### 9.3 Sources of capital grants – the Heritage Lottery Fund and others

Whilst this is, at first sight, a major investment at £7.0 million, funds are potentially available, particularly – but not exclusively – from the Heritage Lottery Fund (HLF), of which more below.

It is not this study's role, of course, to advise the City Council on the specific use of its own resources (capital or otherwise) as it has been assumed that this expertise can be found in-house.

The Carillion report of January 2017<sup>79</sup> suggests a number of options for the beneficial re-use of the Maritime Museum (Warehouse and Customs House) and the Cottage; buildings deemed superfluous by the current report to the way in which the service should develop. Carillion's report recommends the sale of the Cottage 'as is' and the refit the Maritime Museum as offices whilst exploring longer-term possibilities such as conversion to a boutique hotel, or restaurant-with-rooms. Various financial scenarios are presented by Carillion in their report.

The outcomes of these scenarios have *not* been included in the current analysis by AP+P since the use of these funds (whether capital or revenue) is outside the scope of the current brief; however, we note that they could be a source of match-funding.

Since the HLF is likely to be a major source of project funds, we would suggest that an early enquiry is be made of them for a grant of £5 million (70% of the capital cost), leaving the City to source and secure an additional £2 million (30%) from its available resources, either as funds produced by the disposal of non-needed museum assets (such as those cited above) or through central reserves or other channels<sup>80</sup>.

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<sup>79</sup> Source: Carillion plc: *Lancaster Maritime and Cottage Museums - Regeneration Opportunities - Stage 1 Report* (January 2017), prepared by S J Holland FRICS

<sup>80</sup> We understand that the City can borrow at the current (Q1 2017) rate of 2% for capital purposes.

The HLF<sup>81</sup> is the UK's primary public source for the funding of heritage projects and has been since its creation under the National Lottery Act *etc* [1993]. It made its first award in 1994 and has to date awarded over £7 billion to over 40,000 projects nationwide.

The HLF awards grants in seventeen categories including Landscape Partnerships, Grants for Places of Worship and Skills for the Future<sup>82</sup>.

The category most appropriate for the current project is *Heritage Grants* for which applications can be made for funding of between £100,000 and £5 million, or for more than £5 million in exceptional circumstances under the 'major grants' programme. It is recommended that the application here is for less than £5 million, or circa 70% of the total capital cost.

For information, the minimum contributions required of the applicant by the HLF for grants over £1 million are 10% of the costs of the development phase and 10% of the costs of the delivery phase.

Heritage Grants applications of between £2 million and £5 million are subject to a two-round process so that applicants can assess the chance of success before committing to detailed work, and hence additional cost. At both the first and second rounds, applications are assessed by the HLF within three months and then passed onto the next decision-making meeting which take place four times a year (in January, March, June and September).

Applicants can decide how long to take over the second round, providing that it is completed within twenty-four months. The City should therefore consider a twenty-four month development period as the maximum time it should allow for both rounds of the application process once a decision to move to the first round has been made.

In Lancaster's case, the application will be handled by the HLF's North West regional office, located in Manchester.

The table overpage, taken directly from the HLF's grant application material<sup>83</sup>, indicates the different levels of information required in both the first- and second-round applications.

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<sup>81</sup> The HLF is administered by the Board of Trustees of the National Heritage Memorial Fund (NHMF). Whilst not being a government department, the Secretary of State for Culture, Media and Sport issues financial and policy directions to the organisation, which reports to Parliament through the Department. Decisions about policies and large applications are made by the Trustees of the NHMF. There are also decision-making committees in the English regions, Scotland, Wales and Northern Ireland. Lancaster is within the North West region with head offices in Manchester.

<sup>82</sup> See the HLF website at [www.hlf.org.uk/looking-funding/our-grant-programmes](http://www.hlf.org.uk/looking-funding/our-grant-programmes)

<sup>83</sup> Source: The Heritage Lottery Fund *Heritage Grants over £100,000 – Application Guidance* (August 2015, and extant).

<b>Activities</b>	<b>Outline proposals:</b> Who is your project likely to involve The nature and range of activities that will engage people with heritage	<b>Detailed proposals:</b> A detailed action plan, showing all the activities in your project. This will be included in your activity plan
<b>Capital work</b>	<b>Outline proposals:</b> An initial breakdown of the capital work you plan to deliver Plans for architectural elements up to and including RIBA work stage 1 (or old RIBA work stage B)* Plans for non-architectural elements, such as interpretation or digital outputs, at the equivalent of RIBA work stage 1 (or old RIBA work stage B)	<b>Detailed proposals:</b> Detailed plans and proposals for capital work you plan to deliver Plans for architectural elements up to and including RIBA work stage 3 (or old RIBA work stage D) Plans for non-architectural elements, such as interpretation or digital outputs at the equivalent of RIBA work stage 3 (or old RIBA work stage D)
<b>Project outcomes</b>	<b>Outline information</b> about the outcomes your project might achieve	<b>Detailed information</b> about the outcomes your project will achieve.
<b>Project management</b>	<b>Detailed information</b> about the work you will do during your development phase Detailed information about how you will manage your development phase, including briefs for work to be undertaken by consultants and new job descriptions Detailed timetable for your development phase Outline information about how you will manage your delivery phase Outline timetable for delivery phase	<b>Detailed information</b> about how you will manage your delivery phase, including briefs for work to be undertaken by consultants and new job descriptions Detailed timetable for your delivery phase A project business plan, if required
<b>After the project ends</b>	<b>Outline information</b> about how you will sustain the outcomes of your project after funding has ended, including funding additional running costs	<b>A conservation plan</b> , if required (submitted early in your development phase) Detailed information about how you will sustain the outcomes of your project after funding has ended, including funding additional running costs Detailed information about how you will evaluate your project A management and maintenance plan, if required
<b>Project costs</b>	<b>Detailed costs</b> for your development phase. <b>Outline costs</b> for your delivery phase Possible sources of partnership funding for your delivery phase and/or a fundraising strategy for your development phase	<b>Detailed costs</b> for your delivery phase An indication that you will have secured partnership funding in place before you start your delivery phase

Figure 55: The two-round HLF application process

As part of the tender process, the project will need to supply four documents to sit alongside the formal application, all of which can be produced as part of the round one work:

- An activity plan
- A management and maintenance plan
- A conservation plan for the City Museum
- A project business plan.

The HLF applies seventeen criteria across four categories as headline assessment aids. These are listed below, from which it can be seen that the current project (as proposed) satisfies each and every one:

<b>Outcomes for heritage</b>		
heritage will be better managed	weighted by HLF	✓
in better condition	weighted by HLF	✓
better interpreted and explained		✓
better identified and recorded		✓
<b>Outcomes for people</b>		
developed skills	weighted by HLF	✓
learnt about heritage	weighted by HLF	✓
changed their attitudes and/or behaviour		✓
had an enjoyable experience		✓
volunteered time		✓
<b>Outcomes for communities</b>		
negative environmental impacts will be reduced	weighted by HLF	✓
more people and a wider range of people will have engaged with heritage	weighted by HLF	✓
your local area/community will be a better place to live, work or visit		✓
your local economy will be boosted		✓
your organisation will be more resilient		✓
<b>For projects requesting £2million or more</b>		
more than one outcome for heritage		✓
more than one outcome for people		✓
more than one outcome for communities		✓

Figure 56: The HLF's headline assessment criteria

There are, of course, many other agencies and charities available that offer grants for heritage projects.

For example, the Heritage Funding Directory<sup>84</sup> cites nearly four hundred such bodies currently active in the UK ranging from the Arts Council to the Zibby Garnet Trust.

Clearly, some of these sources will be more relevant than others, but the key point here is that if the HLF guidelines are followed, every one of these 400-odd organisations is likely to be satisfied in terms of the material made available to them.

If an early approach is made to the HLF (as is recommended strongly here), the issue of the Fund providing development funding for the project should also be advanced. Some of these grants are themselves substantial.

For example, the Society of Antiquaries of London received (in August 2016) initial support for a £4.7 million grant and was awarded £334,800 towards the first (development) round of a £6 million project

<sup>84</sup> Source: The Heritage Funding Directory (2016) [www.theheritagealliance.org.uk/fundingdirectory/main/results](http://www.theheritagealliance.org.uk/fundingdirectory/main/results)

to secure the future of Kelmscott Manor, the former Cotswolds retreat of William Morris, owned and managed by the Society and open to the public as a historic house and museum. The total HLF investment is therefore in the region of 80% of the total capital cost.

## 9.4 Public consultation

A successful bid to the HLF requires a sustained campaign on behalf of the applicant from all available sources of support, including political leadership, staff, consultants, volunteers and the general public.

In order to demonstrate public support for the project in all three elements ('heritage', 'people' and 'communities') the HLF requires that bidders undertake formal public consultation exercises at relevant stages in the project's development, particularly for grants of the order being considered here.

In this case, three stages of consultation might be appropriate: (a) before the project becomes 'real' in the sense that capital funds are acquired so that public acceptance of, and input to, the bid can be described; (b) during the development phase so that issues of, for example, access and the acceptance of various forms of interpretation can be assessed; and (c) once the project has been opened so that the effect of the project in terms of heritage, people and community can be formally evaluated. These three stages are usually termed 'front-end analysis', 'formative evaluation' and 'summative evaluation' respectively<sup>85</sup>.

Therefore, as part of the bid process, the project should consult formally with the general public over the plans for the museums service as a whole and the City Museum in particular. It is suggested that this takes place through the use of a touring exhibition at various locations throughout the District and, to achieve as wide a coverage as possible, venues should be chosen that have a large 'natural footfall', such as supermarkets.

Public response would be assessed formally through the use of questionnaires so that support can be demonstrated with a high degree of statistical authority. P+P has used such techniques in the past when building support for projects<sup>86</sup>. The very fact that the exhibitions are taking place offers the opportunity for considerable PR benefits, particularly through local media.

For this project an exhibition touring four venues (say, Lancaster, Morecambe, Heysham and Carnforth) might be appropriate with the exhibition staying in each venue for a calendar week. The exhibition would be permanently manned by appropriately-briefed personnel so that questions raised by the public can be addressed immediately.

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<sup>85</sup> See, for example, Prince D R Prince, *The Manual of Curatorship: A Guide to Museum Practice*. Butterworths: London. (Reprinted many times, latest 2011).

<sup>86</sup> A good example is the public consultation exhibition for the National Army Museum North project at Catterick Garrison, in conjunction with Tesco plc.

On average, the HLF makes available in the region of £400 million a year for ‘heritage’ projects of all sizes<sup>87</sup>. Hence, Lancaster will necessarily be in a competitive environment, particularly bearing in mind that other local projects (such as the Judges’ Lodgings) might well also be seeking HLF funding at the same time.

The City therefore needs to put in place – subject to a decision to proceed – a project team to organise and mount the bid campaign. This team will grow as the project develops and is likely to include third party, specialist appointments for some of the work (for example, architectural design services) made as a result of the City’s usual tender processes. Many successful bids have included a ‘client-side’ consultant to advise the staff (and others) throughout the bid process.

In this case, this report has suggested the appointment of a Heritage Business Development Manager as a key post to develop the service on a day-to-day basis. It might be that consideration is given to the appointment of this person early in the HLF bidding process (perhaps after a successful first round bid and in the role of ‘Business Change Manager’) to concentrate on putting the second round bid together and planning the development work on the ground, as this is when much of the detailed work will take place.

## 9.5 Revenue throughputs

The primary revenue model is shown in Figure 57 (overpage) which sets out all sources of income and costs, as far as these are either known or can be reasonably projected.

It needs to be stated at the outset that all comparator figures provided are subject to extreme variation at source and, in some case, lack of verification from City and County sources, of which more below.

Summary notes on how these figures have been compiled are to be found in the right hand column of the table and throughout this section of the report. Details are:

- Rows 2-4 are visitor numbers projected from the earlier analysis in Section 5
- Rows 5-11 are projected major cost items including staff (see later in this Section) promotions and advertising, conservation, documentation and education, the operation of the Collections Centre and the provision of the VR experience as part of the orientation
- Rows 13-17 look at earned income to offset the total costs shown in row 12
- Rows 18-22 show the effect on the service as a whole.

Of course, all inputs and their projections are subject to scrutiny and debate and will be worked up in greater detail and signed off by the City’s staff as and when a formal business plan is submitted to, for example, the HLF as part of the second round bid. We are confident that the level of analysis presented here is entirely consistent with that of a feasibility study running in parallel with the evolving designs.

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<sup>87</sup> Source: The HLF website [www.hlf.org](http://www.hlf.org)

1	Year	1	2	3	4	5	Principal notes (for details see accompanying text)
2	Visitors: base	150,000	138,750	145,688	149,330	153,063	Drawn from separate sub-routine
3	Of which: free entry	100,000	92,500	97,125	99,553	102,042	66% of total
4	Of which: charged for special exhibitions	50,000	46,250	48,563	49,777	51,021	34% of total
5	Museum Service staff costs	425,000	425,000	425,000	425,000	425,000	17 fee @ £25k average, including all on-costs
6a	Premises and other like-for-like costs comparable with the existing offer	28,650	28,650	28,650	28,650	28,650	Current cost x 1.5
6b	Rates payable on the City Museum, including the extension	50,000	50,000	50,000	50,000	50,000	Estimate provided by the City Council
7	Direct advertising and promotion	75,000	69,375	72,844	74,665	76,531	50p per attracted visitor
8	Temporary exhibition cost (85% of that charged for income)	0	0	0	0	0	Drawn from separate sub-routine
9	Conservation, documentation, educational services	127,500	127,500	127,500	127,500	127,500	Estimated at 30% of staff costs
10	Collections Centre	80,000	80,000	80,000	80,000	80,000	Annual premises running costs, incl rates, excl staff
11	VR software per year	0	44,400	46,620	318,570	48,980	15% budget based on take-up; year 1 costs capitalised
12	Cost	786,150	824,925	830,614	1,104,385	836,662	Sum of relevant rows
13	Exhibitions Income	0	0	0	0	0	Drawn from separate sub-routine
14	VR orientation income (at 60% take up)	320,000	296,000	310,800	318,570	326,534	30% take up of free visitors
15	Retail + VIC income (Nett @ 30p a head)	45,000	41,625	43,706	44,799	45,919	Minimum target
16	Catering Income (Nett @ 40p a head)	60,000	55,500	58,275	59,732	61,225	Minimum target
17	Income	425,000	393,125	412,781	423,101	433,678	Sum of relevant rows
18	Outturn cost per year	361,150	431,800	417,833	681,284	402,983	Cost minus income; low in year 1 due to capitalised items
19	Current Cost (museums plus VIC)	666,900	666,900	666,900	666,900	666,900	From figures provided by Lancaster City Council
20	Difference (annual saving)	305,750	235,100	249,068	-14,384	263,917	Row 19 minus row 18
21	Cost per visitor current (£)	9.37	9.37	9.37	9.37	9.37	From figures provided by Lancaster City Council
22	Cost per visitor projected (£)	2.41	3.11	2.87	4.56	2.63	Calculation (average over 5 years = £3.12)
23	All figures exclude inflation and VAT except where specified						

Figure 57: The primary revenue model

Fixed costs in the model account for approximately 85% of expenditure as they are reflected in staff costs (row 5), premises costs (rows 6a and 6b), conservation, documentation and educational services (row 9) as a function of both staff costs and the costs of running the new Collections Centre (row 10).

These headline costs are offset by the income received from charging for the VR (row 14) and retail and catering (rows 15 and 16), of which more below. All figures exclude inflation and VAT throughout this report except where specified.

In total, the model suggests that the museum service can, and should, be operated as a public service at a nett subsidy of around and average £3.12 per attracted visitor a year (row 22) compared with the current £9.37 (row 21). A subsidy at this level (£3.12) equates to around 6p a week for each resident of the District<sup>88</sup>.

When set against the cost of running the Council as a whole it could be argued that, at least at this very headline level, it represents, or could be seen to represent, 'value for money'.

It should also be noted here that the potential rental incomes to the Council as a result of its letting of the Warehouse and Customs House (which could be in the region of £150,000 a year from the Carillion report<sup>89</sup> together with the potential disposal of the Cottage at £120,000 as a one-off capital receipt) have been **specifically excluded** from the analysis. Readers should therefore refer to the Carillion report for further details.

The primary reason for this is because it is important for the Council to be able to compare what is proposed in this report for the museums service with what currently exists in the District on a like-for-like basis. Moreover, the ways in which the Council wishes to treat the returns from the disposal of its built assets is clearly outside the scope of this current report and over which the authors have no influence.

## 9.6 Staffing (row 5)

Whatever buildings and physical facilities are developed for the refreshed service, these will always remain secondary in terms of service delivery to the people who will be recruited to make the service real, vibrant, relevant, enjoyable and engaging.

At their heart, museums should be people-focused: the objects, artefacts, conservation techniques, storage requirements and so on are all secondary when compared with what the service can do and what it can achieve for local people and visitors alike.

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<sup>88</sup> Calculated as nett cost under the model over five years (£420,000 a year divided by the population of the District (140,000 people). This would make it directly comparable with the cost/resident/week achieved by *The Collection* in Lincoln.

<sup>89</sup> Source: Carillion plc: *Lancaster Maritime and Cottage Museums - Regeneration Opportunities - Stage 1 Report* (January 2017), prepared by S J Holland FRICS.



This report has emphasised consistently that the service needs a new staffing structure and, above all, a corporate attitude focused firmly on delivery ... on attracting – and keeping – new audiences, and on prompting the work of the museum both on- and off-site.

To facilitate this, this report recommends that key staff should be embedded with others in the Council so that the museums service is not seen as an add-on. Far from it: the service needs to be viewed as a major player in the City's future prosperity and well-being.

This demands, at minimum, the repatriation of the service from Lancashire to Lancaster and, we would contend, the co-location of museum staff with others in the City, possibly in Lancaster Town Hall.

Having considered the future role of the service in the context of the Council's aspirations for 2016-2020 as reflected in its Corporate Plan<sup>90</sup> together with the ideas presented in this report, a suitable staffing structure is shown overpage.

Headline job descriptions for the key posts are set out in Section 9.7.

A number of points can be made.

- The proposal suggests that a new post is created (entitled, perhaps, 'Heritage Business Development Manager') to lead and focus the work of the service. This should be an outward-looking, highly-focused position whose primary aims are to link with other Council departments and deliver new partnering arrangements. As envisaged, this new post reports to, and is thus part of, the Council's Economic Development department
- Two teams are created to deliver the service under the development manager: (a) a 'Promotions and Exhibitions Team' comprising staff engaged in exhibitions and events, marketing, and front-of-house/visitor information services and (b) a 'Collections and Community Team' including a curator, two people with responsibility for collections management and conservation, two dedicated to outreach and education and one devoted to community engagement
- Both these teams are supported by two FTE central administrative staff and include front-out-house staff as appropriate.

In total, this proposal creates an establishment of 17 FTE jobs (more than at present in the museums service) and accounts for the dove-tailing of VIC staff into the operation of the City Museum. But the key point is that these posts are *not site-specific* and are thus not restricted to a particular location. There is thus a significant change in the way in which the service is delivered in that most of the new posts are outward-looking and aimed primarily at bringing people *into* the museum and encouraging wider engagement with what the service has to offer. This is an important step-change and it reflects the philosophy that the future service must look to exploit every opportunity for engagement wherever it appears in the District. No longer can the museum service sit quietly in its buildings and 'just open the doors'.

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<sup>90</sup> Source: 2016-2020 Corporate Plan, Lancaster City Council.

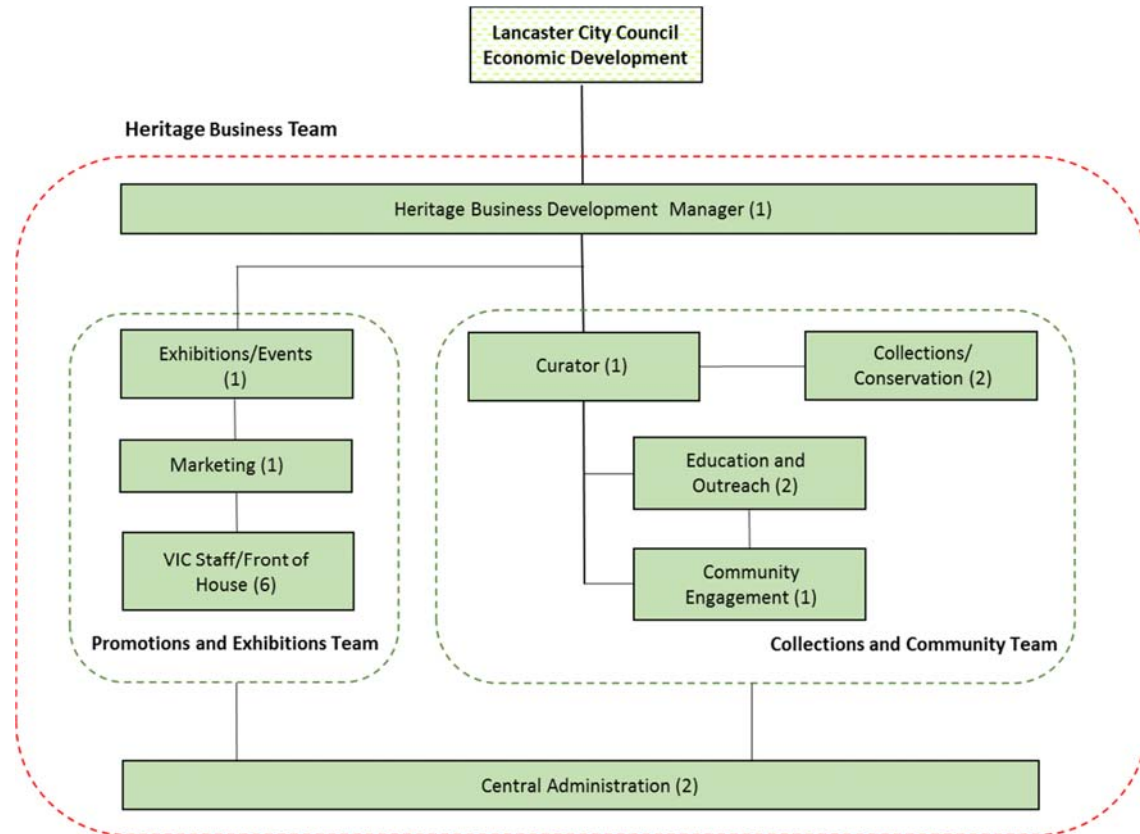


Figure 58: Staffing model

The base financial model in Section 9.3 suggests that these 17 FTE staff (staff numbers are in parentheses in Figure 57) will cost the City £425,000 a year, including all on-costs, or £25,000 per FTE person employed at an average salary of £20,000 a year. These figures are based on the following sub-routine:

1	Post	Average (£)*	Number	Total (£)
2	Heritage Business Development Manager	39,000	1	39,000
3	Curator	35,000	1	35,000
4	Exhibitions/Events, Marketing, Community Engagement, Collections Management	30,000	4	120,000
5	Lead Education and Outreach, Conservation	25,000	3	75,000
6	Lead Front of House, Lead Administration	21,000	2	42,000
7	Education and Outreach	18,000	1	18,000
8	Central Administration	16,000	2	32,000
9	Front of House	15,000	3	45,000
10	<b>Totals</b>		<b>17</b>	<b>406,000</b>
11	* including NIC and tax, but excluding expenses			
12	<b>ADD:</b> for training, expenses etc (budget)			19,000
13	<b>TOTAL</b>			<b>425,000</b>
14	Average per member of staff total cost			25,000
15	Average per member of staff salary			20,000

Figure 59: Analysis of staff costs

Clearly, any reduction on this average would reflect positively on the revenue model.

It may be, depending on the outcome agreed between the Service and the KORR that the former may have residual curatorial responsibilities for the latter. This is an unknown factor at the time this report is being written and hence no allowance has been made.

## **9.7 Outline job descriptions**

The following key-post job descriptions set out the key responsibilities and tasks of the posts but they are not exhaustive. Indeed, they may alter with the changing needs of the developing museums service and may be reviewed and updated at any time. They do, as set out, describe in detail the ambition of the new service.

### **Heritage Business Development Manager**

This a crucial, highly-important and significant appointment which is designed to give long-term leadership for the service as a whole as well as playing a major role in the planning and development stages of the project.

The post-holder is immediately responsible to the Economic Development Department, Lancaster City Council, for the implementation of the museum service's statement of purpose, policies, strategic vision and business plan. They will take ownership of the new heritage vision, existing funded plans and business planning while leading on an operational strategy to deliver brand and visitor development. Ensuring the successful management, conservation and accessibility of the Council's heritage sites they will provide maximum public benefit for the residents of Lancaster and surrounding areas. They will deliver management solutions for the continuing development of Lancaster's heritage assets, for revenue generation, and for the promotion of a relevant and positive profile of the museum service and of Lancaster.

They will monitor the commercial and financial viability of proposed initiatives, create an accessible and high quality exhibition programme, and lead on and manage key stakeholder relationships. Within the heritage teams they will inspire staff to deliver the highest standard of work, encourage the extensive use of web and social media for audience capture, and be responsible for the efficient and safe operation of all heritage sites.

### **Curator**

The post-holder is immediately responsible to the Heritage Business Development Manager for the preservation, security, display, development and administration of the museum collections in accordance with the museum service's statement of purpose, policies, strategic vision and business plan. They will manage the collections to the Accreditation Standard set out by Arts Council England providing an integrated approach to all questions of stewardship, interpretation, access, collections development policy and display. In co-operation with colleagues, the Curator will be responsible for the collections management framework of the museums and its essential components such as loans

administration, SPECTRUM-compliant<sup>91</sup> documentation, remedial and preventative conservation, exhibit security, and acquisitions. They will also play a leading role in the provision of public benefit through the preparation of accessible permanent, temporary and special exhibitions, researching and delivering talks, answering enquiries and presenting an exciting vision of the collections to the Press and through social media.

### **Conservation Officer(s)**

The post-holder will be responsible to the Curator for the conservation and care of the Collections in general together with those artefacts which fall within their designated professional speciality. They will formulate, together with curatorial colleagues, a conservation programme which will ensure that professional standards of museum stewardship are fully met. The Conservation Officer will prepare items for display and exhibition, monitor conditions within permanent and special exhibition galleries, and advise on exhibition construction in so far as it might affect the integrity of artefacts. They will advise on the preparation and packaging of items for transport, both within the United Kingdom and overseas, and maintain full conservation records on the Museum's computerised database. Attendance will be required as necessary on training courses for the updating of professional knowledge and techniques, and the ability to maintain and regulate equipment stocks and materials will be essential. They will ensure the efficient and safe use of all conservation equipment; including compliance with health and safety regulations, the storage and use of hazardous substances in accordance with regulations relating to COSHH, the operation of machinery, and the use of the work spaces.

### **Education and Outreach Officers**

The post-holders will be responsible for the organisation and promotion of educational activities, embracing a service both to specific groups, such as schools, and to the community at large. They will provide open access opportunities for people of all ages to receive information, guidance and advice on heritage matters relevant to Lancaster. They will prepare and deliver talks on Lancaster's heritage assets through researching and assembling information (objects, photographs, documents and sound records) and through the exploitation of the latest audio, website and social media opportunities. They will develop and maintain a service providing educational materials and resources based on the Museum's collections for use by schools, specialist groups and the community. The preparation and management of special Educational events, holiday programmes, and study days will be an important development together with responding to educational and historical enquiries from children and schools. They will provide advice to colleagues on the educational content and exploitation of exhibitions, publications, special events and intellectual access.

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<sup>91</sup> SPECTRUM is the UK's Museum Collections Management Standard which, since 2013 also includes Digital Asset Management. SPECTRUM has guidance on 21 procedures of collections management from object entry to deaccessioning and includes eight primary procedures that are linked to UK Accreditation.

**Community Engagement Officer**

The post-holder will take particular responsibility for the development and implementation of a community engagement strategy, to facilitate and deliver better access to, and usage of, the heritage assets available in Lancaster. They will promote Lancaster's heritage as an anchor for the community, establishing projects in partnership with all groups of residents regardless of age, gender or ethnic origin. They will identify community interests, needs and issues, and plan and deliver a wide range of activities in response to those diverse needs. In so doing they will reach wider audiences and bring new experiences based on local heritage. The post-holder will raise and maintain the profile and status of Lancaster museums within the local community, amongst current and potential users, and public, charitable and business funders; and support those groups or individuals who seek to include heritage in their activities. They will work closely with the Curator, Education Officer, Marketing Officer and Exhibitions and Events staff to plan and deliver a community engagement programme of events, exhibitions, activities and resources focussing on Lancaster's heritage collections and initiatives.

**Exhibition/Events Officer**

Working closely with colleagues, the post-holder will be responsible for devising, planning and delivering an exhibition programme highlighting Lancaster's heritage as expressed in its buildings and its museum collections. This will embrace longer term displays as well as special and travelling exhibitions. The programme must be physically and intellectually accessible and should stimulate wide interest among residents and visitors to the area. They will support and extend the impact of exhibitions and strategic heritage plans through a vibrant schedule of events designed to involve the community in Lancaster's vision.

The post-holder will take a central role in the project management of exhibitions and in their installation and maintenance. They will play a role in the interpretation of the exhibitions for the public, in the organisation of publicity material, associated publications and research into exhibit effectiveness. They will organise exhibit loans where relevant, work with colleagues to ensure that exhibition and event themes engage local communities and support business development. To this end they will negotiate, facilitate and deliver commercial bookings to achieve maximum profit to deliver public programmes.

**Marketing Officer**

The Marketing Officer will reinforce and refresh the brand and reputation of Lancaster museums using a new website and existing resources to manage stakeholders and audiences and communicate messages from across the heritage sites and collections. They will ensure an excellent reputation for heritage activities while promoting Lancaster's new vision and its newly refurbished venues and services. Using new and well-tested techniques such as brochures, flyers, posters, press releases, website content, e-newsletters and social media they will ensure that Lancaster museum's presence in the community is always relevant and up-to-date.

The Marketing Officer will manage energetic and extensive press and social media campaigns before and during the launch of Lancaster's new approach to its heritage, including, where relevant, 'viral

marketing' and other effective forms of contact with potential audiences and supporters. Working with heritage service colleagues they will develop and apply the overall brand of Lancaster's museums in order to present to the public a positive, arresting and informative message about the year-round activities promoted by the Council.

## 9.8 The role of friends and volunteers

All museums everywhere benefit from the time given by Volunteers and Friends Organisations, from the British Museum and the V&A to the smallest museum with its collection of local-interest material.

Volunteers can either be people with a strong interest in some aspect of the collection or work of the museum (many a local expert has emerged after exposure to an exhibition, and hundreds of volunteers are engaged on a daily basis in, for example, cataloguing collections) or a person wishing to work in museums and giving freely of their time by way of an internship<sup>92</sup>.

Such people are clearly to be encouraged, but it is vital for the museum to have a code of conduct in terms of how these individuals are to engage with the work of the museum, what can be expected of them, when and why<sup>93</sup>.

Similarly, Friends Organisations help the work of museums in many ways from fund-raising, helping visitors find their way in and around the galleries to supporting retail and catering activities. Again, clear guidance must be provided by the museum itself in terms of what levels of engagement are needed or desired<sup>94</sup>.

What the museum – any museum – can ultimately achieve depends primarily on people (professionals and others) and how they get along with each other and work collectively for the benefit of the community that the museum serves. The revitalised museum service in Lancaster needs to take on board fully what local people can offer, and the ways in which they can offer it, to make a real difference to the well-being of the City and its District.

This is precisely why, in the management structure, we have recommended the role of a Community Engagement Officer to oversee and manage the work of Friends and Volunteers who, in many cases, will be one and the same.

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<sup>92</sup> The Museums Association (see their website at [www.museumsassociation.org/careers/volunteering-careers](http://www.museumsassociation.org/careers/volunteering-careers)) has a whole section on volunteering.

<sup>93</sup> For example, Leeds City Museums volunteering policy runs to some ten pages. Source: [http://www.leeds.gov.uk/museumsandgalleries/Release%20Documents/Volunteer%20Policy%20Apr%202015%20\(2\).pdf](http://www.leeds.gov.uk/museumsandgalleries/Release%20Documents/Volunteer%20Policy%20Apr%202015%20(2).pdf)

<sup>94</sup> See, for example, The British Association of Friends of Museums at <http://www.bafm.co.uk/home/about-bafm/>.

### 9.9 Premises costs (rows 6a and 6b)

Due to the way in which the Council accounts for internal charges – and the way in which it handles its contract payments to the County for services rendered for the museums service – figures assigned to the overall term ‘premises costs’ are potentially problematic.

However, detailed background information, and its accompanying rationale, on business rates has been supplied by the City Council. On balance, it has been agreed that an annual ‘rates bill’ of £50,000 should be applied to the rejuvenated City Museum, including its extension, based on a rateable value of around £100,000 and applying the local multiplier of 48p in the pound.

The total of £50,000 therefore appears in Row 6b of Figure 56 which does not, it should be noted, take into account any *reduction* of rates incurred by the closure of the Maritime and Cottage Museums (particularly as Listed buildings are involved), nor the *increase* in rates payable to the City by these buildings’ beneficial re-use as per the Carillion plan.

In terms of additional premises costs (row 6a) these have been set at one-and-a-half times the current charges at the City Museum to take into account the increased space (particularly retail and catering space) if the extension is approved.

The Collections Centre appears separately in row 10 whilst the current costs of operating the Maritime Museum (Warehouse and Customs House) and the Cottage have been set at zero. Of course, any change of policy relating to these historic buildings will have an effect on cost and hence on the overall financial model *if and only if* such costs are applied to the new museums service.

It has been assumed, following the recommendations made in the Carillion report that the Collections Centre is to be built on land owned by the City Council, thereby obviating the need for annual rental payments although business rates will obviously apply and these have been taken into account.

It must be said that, in overview, the ‘rates issue’ has only a relatively minor impact on the operation of the business model.

Far more significant is the attraction of visitors by the renewed way in which the museums service presents itself.

### 9.10 Direct advertising and promotion (row 7)

Promoting the museum service and what it does for the community is seen as being an on-going business commitment and thus an essential exercise that needs to be funded appropriately.

These direct advertising and promotional costs, which are focused on enhancing considerably the service’s digital presence whilst also blending more traditional media, have been set at 50p per visitor attracted in any one year. This is just under 9% of total expenditure in any one year, 18% of net income generated, or 17% of the total net outturn cost.

It is, of course, notoriously difficult to ascertain precise marketing budgets from comparable organisations (most are confidential), and research by *The Guardian* newspaper<sup>95</sup> found a huge range of between 2% and 15% of cost depending on the nature of the organisation.

Nine per cent therefore represents a reasonable compromise that can be afforded by the business model year-on-year.

### **9.11 Temporary and special exhibition costs, including events** (row 8)

These costs – which balance the income from temporary and special exhibitions – have all been set at **zero** as has the income. This is in-keeping with the overall proposal that admission to the museum should be free of all charges save from those made for special or additional services, such as for the VR experience, of which more in Section 9.14.

The reason for this is that research has consistently indicated that a charge – any charge at any level – is a major barrier to entry for many people<sup>96</sup>, and removing barriers to access and engagement is a key philosophical principle running throughout these proposals.

The cost of mounting special events (such as one-off performances and the like on peak days in, for example, Market Square) – and their associated income – have not been modelled separately, and should therefore be treated as extra-over income, should it arise. It is envisaged that the cost of such events would be offset by event-specific sponsorship, grants and so on as a business development activity managed by the heritage business development manager and associated staff.

### **9.12 Conservation, documentation and education** (row 9)

Under the existing Management Agreement, the City pays the County in the region of £55,000 a year for conservation and collections management services, including exhibitions, design, marketing, documentation and outreach. Of this, perhaps 25%-30% is nominally assigned to ‘conservation’; say £15,000, with a further £10,000 for documentation. It is impossible to be more precise as the overall contract value of £520,200 has not been broken down elementally.

However, the ‘new’ service must not only care for its collections but must use them proactively. To this end a budget of £127,000 has been assigned for ‘Conservation, Documentation and Education’ which together account for 15% of all expenditure and has been calculated at 30% total staff costs to reflect the fact that each and every member of staff has a responsibility to deliver in these areas. Whilst this is a significant increase on current expenditure it is entirely warranted by the nature, style and philosophy of the ‘new’ service.

<sup>95</sup> Source: *Marketing is an investment – even for non-profits*. *The Guardian* (Professional), accessed November 2016.

<sup>96</sup> See, for example, Prince D R ‘Factors Influencing Museum Visits: An Empirical Evaluation of Audience Selection’, *Museum Management and Curatorship*, Vol.9, No.2, pp.149-168.



### 9.13 The Collections Centre (row 10)

A cost of £80,000 a year has been provisioned for the running costs of the new Collections Centre, excluding staff costs which are covered by row 5. The £80,000 shown in row 10 therefore covers the annual cost of servicing and maintaining the building and its interior systems (bearing in mind that they will be new), together with business rates.

The actual cost of servicing the Centre depends greatly on the amount of environmentally-friendly and appropriate materials used in its construction, part of which's brief is to be as sustainable as possible in terms of energy, recycled materials and so on, as reflected by the outline design specification in Section 4 of this report. Further information on annual cost can only be developed alongside the evolution of the designs during later stages and when a specific site (or building) has been identified.

It is important to note that this annual estimate also assumes that the Centre is located on City-owned land, as is recommended by the Carillion report, and thus that rent payable will be a nominal zero (that is, that if the City charges the Centre rent, that sum will be offset by internal accounting arrangements).

### 9.14 VR software (row 11)

The single visitor experience for which, it is suggested, a charge should be made is the Virtual Reality space as described earlier in this report. The cost of establishing the first VR experience has been accounted for in the capital model in Section 9.2 of this report as a rolled-up £400,000.

The costs set out in Row 11 are thus for annual upgrades from year 2 onwards, save for year 4 where an additional £318,000 has been provisioned *out of revenue* for the introduction of a new, or updated, experience.

In reality, the additional cost in year 4 should be treated as being a one-off capital investment (similar to special and temporary exhibitions) for which additional funds should be sourced by the service's day-to-day management by way of corporate sponsorship, grants etc.

Such work is, after all, an essential part of the senior management team's responsibility as reflected in their prospective job descriptions, whilst the cost of producing 3D-VR experiences both in terms of hardware and software are falling on a daily basis as new systems come on-stream and as competition intensifies.

### 9.15 Total cost (row 12)

The annual operating cost of the service is shown in Row 12. This averages £875,547 a year measured over all activities including the refreshment of the VR experience (row 11). Of this total cost, 81% is fixed and measures over staff, premises (including rates), and the core museum activities of conservation, documentation, education and outreach.

### 9.16 Exhibitions income (row 13)

This income – which balances the cost of temporary and special exhibitions, including events – has been set at zero for the reasons explained in Section 9.11, in that these three, potentially relatively high-risk activities should not be undertaken unless either the potential loss is covered by business sponsorship, grants and/or other guaranteed underwriting (as is the case with all the major national museums) or the risk is profiled on a case-by-case basis for each exhibition and event and a decision made by senior management *at the time* that the risk is worth taking – it is, after all, part of their role.

The financial model, with this policy as its basis, is therefore risk-averse in terms of mounting temporary and special exhibitions and events for the main reason that since the actual make-up of these activities (what they are, what they will show, when and where they will show them, how long they will run for, what markets are to be targeted and so on) is unknown, attempting to model income and expenditure is highly problematic at best, and dangerous at worst.

The prudent route adopted here is therefore to model-out all such financial implications in the knowledge that sound management should be able to produce a net income on these activities to the overall benefit of the financial model in the long run.

### 9.17 VR orientation income (row 14)

The best national and regional museums are embracing VR to provide a step-change in the visitor experience and the way in which collections are interpreted and themes presented.

Advances in the gaming industry, the widespread use of 3D imagery and CGI animation in film, television and other digital media, together with the vast improvements in drone technology, have combined to produce more reliable hardware and affordable software to provide dramatic and enthralling individually-immersive experiences.

Whilst these techniques are now commonplace in mainstream media, Lancaster would be in the vanguard of their use in museums – an ambition which we believe it should, and must, embrace.

The business plan therefore suggests that a fully-immersive VR experience is an option for visitors to the City Museum at an additional charge. These charges are shown below and average £6.40 per person (including VAT), or £5.33 net of VAT.

Based on an uptake of 60,000 visitors a year this would generate an income of £320,000 (nett of VAT) drawn from a total annual visitor throughput of 150,000 people (ie: 60,000 x £5.33 = £320,000).

	£	£ minus VAT	%	Numbers	Income minus VAT
Adult	8.00	6.67	50	30,000	200,000
Child	4.00	3.33	30	18,000	60,000
Consession	6.00	5.00	20	12,000	60,000
Total				60,000	320,000
Average					5.33

Figure 60: Pricing policy for the VR experience

Please note that the '60,000 visitors to the VR' is 60% of the 100,000 free entrants to the museum modelled in Year 1. The '50,000 visitors for special exhibitions' is thus over-and-above this figure. The reasoning behind this is that it is envisaged that the majority of the 100,000 'free visitors' will be non-residents who will be using the museum as a first point of entry to the District and will therefore wish to engage in all that is on offer, particularly as the VR experience, as planned, is essentially part of the overall orientation role of the new service. The '50,000 for special exhibitions' are more likely, although obviously not exclusively, to be residents of the District who have previously been to the museum and taken part in the VR experience but are visiting on this occasion to see a specific special exhibition.

In terms of pricing policy, the key issue here is that the business plan is proposing a VR *experience* lasting 15 minutes – essentially a 3D VR, fully immersive and interactive digital presentation of the District and its main features to add a new dimension to the orientation of visitors to the City. It is *not* simply the viewing of selected objects in 3D, which is often the case in museums (see, for example the Hancock Museum in Newcastle upon Tyne which has fifteen objects, mostly from the pottery collection on 3D VR viewers for which a charge is not made).

This is why we can say that Lancaster will be in the vanguard of the use of such technology in a regional museum setting in ways that other such museums have not contemplated.

Hence, valid comparators in the UK are not available. However, in the USA, two examples are the *Digital Museum of Digital Art* (DiMoDA) at the Transfer Gallery in Brooklyn, New York and *The Void* in Utah which 'combines activities in the physical environment with VR technology'. At the latter, 30 minute shows are charged at between \$29 and \$39, or an average of \$34 (£28) per show, or around £1 a minute. Crudely applied to Lancaster, a 15 minute show on this basis could attract an entry fee of an average £15, whereas the model suggests less than half this at an average £6.40 per person, including VAT (£5.33 net of VAT).

A further point is that as VR becomes more widely-used in museums, and elsewhere, the cost of producing both the hardware and software will fall with the result that cost-per-minute of use will also fall. In terms of Lancaster, this may mean that the planned reinvestment in VR technology over the first five years of operation (modelled at £460,000; row 11) *could* reduce by 30% to (say) £320,000. If income were to mirror this and reduce by a similar 30% over the period to £1.1 million (as opposed

to the modelled £1.5 million; row 14) the total effect on the model would be a reduction in income of £67,000 a year on average over the five years, which the overall business plan can easily sustain.

Another, perhaps extreme, way of looking at the risk profile for VR is to say that *nobody takes up the experience at all*. In the highly unlikely event that this were to happen, the total income generated over the first five years of operation (£1.57 million, Row 14) would be offset by the cost of operation and renewal (£0.46 million, Row 11) with the result that the service would be ‘down’ around £1 million over the five year period (an average of around £275,000 a year).

***Even with this highly unlikely eventuality*** the service ***would still cost the City less than at present*** to operate (of which more in Section 9).

### 9.18 Retail and catering income (rows 15 and 16)

Nett income from these activities has been estimated at 30p and 40p per attracted visitor respectively, taking into account all staff, materials and premises costs. This equates to an average spend per head of £2.80 (excluding VAT) per visitor measured over *both* retail and catering:

Retail and Catering sub-routine	£
Turnover (at £2.80 per visitor, nett of VAT)	420,000
Mark-up	3.00
Hence, cost of goods	140,000
Staff (in addition to the base model) (number=3 for catering)	45,000
Gross Profit	235,000
Nett Profit (taking into account premises, VAT and other charges)	105,000

Figure 61: Nett income from retail and catering

However, these incomes from both retail and catering must both be viewed as being **conservative** bearing in mind the museum’s location in the very heart of Market Square, the fact that entry to most of the activities of the museum will be free, that there will be a new entrance facility on New Street (*Museum Square*) and that income has been modelled purely on visitors rather than people casually passing by, or through, the museum and deciding to drop in for, say, a cup of coffee on the ground floor or visiting the VIC/shop simply to buy something<sup>97</sup>.

The model also assumes that both the catering and the retail will be run in-house, although the option of letting out both under suitable management contracts could be considered. Certainly, the projected income from the catering operation makes this a possibility, although care must be taken since any and all activities will, or could, affect the overall brand of the new organisation and affect the way people respond to it.

For reasons of commercial confidentiality and thus business modelling, it is very difficult to ascertain the annual throughputs of comparable museum services or individual museums in terms of both retail

<sup>97</sup> There is, of course, a degree of active competition in the immediate area (both New Street and particularly Market Street offer a number of coffee houses and cafes) and hence the model has been prudent in its outcomes.

and catering activity. Many organisations simply roll these up as ‘earned income’ and many include general admission charges in this category, a particular forte of the charitable sector.

However, a review of a number of publications<sup>98</sup> suggests that a well-run, appropriately-stocked ‘museum/heritage-type’ shop should be capable of generating an annual turnover of approximately £4,000 per m<sup>2</sup> of retail income if open to the general public without an entry charge, as is the case here. Some, of course, do better depending on the nature of the collections, the range and mix of goods on sale and the ability of their sales force to deliver. In this last context, the role of the highly-experienced ‘Storey VIC’ staff is seen to be of relevance.

Unlicensed cafés operate at approximately half that level at, say, £1,700-£2,000 per m<sup>2</sup> a year. Licensed cafés, turnover roughly twice as much at (say) £3,500 per m<sup>2</sup> a year, and it is recommended that the offer in the City Museum is licensed.

Assuming that these overall, average figures apply to the City Museum with its extension, the outcome would be:

	Retail	Catering	Total
Sales area (m2)	50	80	
Turnover/m2	4,000	3,500	
Annual turnover	£200,000	£280,000	
<b>Total turnover</b>			<b>£480,000</b>

Figure 62: Retail and catering industry comparators

The total figure of £480,000 shown in Figure 61 is higher than the £420,000 recorded in the main business model (Figure 56 – where they are shown as nett figures; and also Figure 60 which is based on direct visitor take-up), and hence the latter can be seen to be the more conservative estimate.

We are therefore confident that the overall analysis in terms of retail and catering income remains both valid and sound.

### 9.19 Total income (row 17)

This is simply the sum of all relevant rows and, with all the caveats of the above descriptions in mind, equates to an average of around £418,000 a year average allowing for annual visitor fluctuations over the five years shown in the model.

<sup>98</sup> Sources: [nicholasboonin.com/articles/notforprofit.pdf](http://nicholasboonin.com/articles/notforprofit.pdf); <https://www.museumsassociation.org/museum-practice/your-retail-case-studies>; <http://www.aim-museums.co.uk/downloads/629171cb-13e8-11e2-b292-001999b209eb.pdf>

## 9.20 Financial implications (rows 18-22)

From these estimates the outturn cost for the service as described on an annual basis is an average £418,000 a year (Row 17, measured over five years) which calculates as an average 'saving' of £207,000 a year (Row 20, again measured over five years) based on the current estimated annual cost of the service, plus the VIC in the Storey, of £666,900 (Row 19).

The effect of all this is that the annual subsidy paid by the City to operate the service is reduced from £9.37 per attracted visitor (Row 21) to an average of £3.12 a year (Row 22, measured over five years).

In addition, the movement of the VIC to the City Museum from the Storey creates the new opportunity for the City to exploit the vacated space in the Storey positively (as well as saving around £30,000 in building-related costs) perhaps for other income-generating activities and events, space which, we understand, is in high demand.

## 9.21 Risk and financial sensitivities analyses

Whilst acknowledging that the throughputs of the financial model discussed above are held bona fide, it is clear that things can go wrong at any time, and for almost any reason, and the City needs to know, as far as it can be projected sensibly, what is the reasonable level of risk it is proposing to undertake when considering the repatriation of its museums service along the lines recommended in this report.

The primary risks are:

### **Planning**

The Old Town Hall is Listed II\* and thus both internal interventions and external additions will be looked at critically. Initial discussions with the City's Conservation Officer have led us to believe that the proposals presented in this report will be acceptable in principle. Further discussions will clearly be required as the project, and the specific designs, proceed. If the preferred model of the extension in the proposed *Museum Square* is prohibited, the secondary designs proposed in this report will enable the bulk of the activities – crucially the income-generating activities – to be delivered.

### **Site availability for the Collections Centre**

Whilst the Carillion report<sup>99</sup> has identified three suitable sites for the proposed Collections Centre, further work is clearly required to pin down the site precisely and thereby assess what is actually needed to be developed on the ground. We are confident, however, that the capital sum allocated for the Centre (£1.5m) is adequate and has been supported by the Carillion report. In making a decision, the City needs to be aware of the opportunity cost of locating the Centre on *any* of its landholdings.

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<sup>99</sup> Source: Carillion plc: *Lancaster Maritime and Cottage Museums - Regeneration Opportunities - Stage 1 Report* (January 2017), prepared by S J Holland FRICS

### **The Market**

There is no doubt that there is an appetite – nationally – for the type of rejuvenated service described in this report from both museum professionals and visitors alike.

Whilst this report has set out a bold and imaginative future for Lancaster and its District it is by no means unique. Precedents can be found elsewhere in the country in terms of both collections management and visitor engagement that mitigate the risk of the City ‘breaking new ground’: it will be following closely other cities that have made similar decisions and that have planned for similar futures.

In this important sense, the main risk is for the City ***not*** to develop in the way recommended.

### **Financial**

The primary risk here is that the City may be unable, or unwilling, to embark on the project in the knowledge of the capital costs involved (and hence capital funding required) and the revenue risks associated with operating the new service, as proposed. This last is considered in detail below, whilst the former is a matter of judgement by the City and the way in which it wishes to view the museums service as part of the overall economic future of the District, as expressed in its various policy statements.

### **Sensitivity Analysis**

To advance thinking on the revenue issue, which is known to be of concern to the City, an algorithmic sensitivity analysis has been applied to look at the effect(s) of a number of variables as they interact with each other and vary from the base model.

To do this, rather than simply asking (say) ‘what’s the effect of reducing visitor numbers by 10%’, maximum and minimum spreads were set for each market-dependent variable. To take two examples, a cup of coffee could be £1.50 minimum and £2.50 maximum, the VR experience could be £5 minimum and £10 maximum (with all quoted figures including VAT) and the model tasked to generate a series of likely (arithmetic) outcomes across all the variables as they interact simultaneously.

In all this, of course, fixed costs remained fixed (ie, their ‘allowed variation’ in the model is set at zero). VAT considerations were also removed from the arithmetic.

The effect of all this is that the model randomises outcomes from within the prescribed parameters against an independent variable. In this case, the independent variable is visitor numbers which has been modelled to ***reduce*** from the base-modelled 150,000 a year to the current, stated 60,000 a year across the existing service, and which thus acts as the keystone against which the other variables are allowed to fluctuate<sup>100</sup>.

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<sup>100</sup> To do this, the Excel data from the main financial model was exported to the Statistical Package for the Social Sciences (SPSS) which then generated the arithmetical variations and re-exported them to Excel to be represented graphically. *IBM SPSS Statistics* (as it has been called since 2015) was originally (back in the late 1960s) a research-level mainframe computer

Importantly, this approach also simultaneously takes account of whether or not the extension is built (the recommended model) since it models reduced visitor numbers based on developed and accessible space and thus, *de facto*, accounts for reductions in both retail and catering space as visitor numbers decrease within a smaller venue.

The outputs of this modelling activity need interpretation, the most common method of which is simply to graph them so that trends can be observed.

These outcomes are shown in Figure 62 (below) which shows the effect of reducing visitor numbers from the base model (150,000 visitors a year, cited at '1' on the x-axis) to the current throughput at all the City's museums (circa 60,000, cited at '6' on the x-axis) against all the other specified variables.

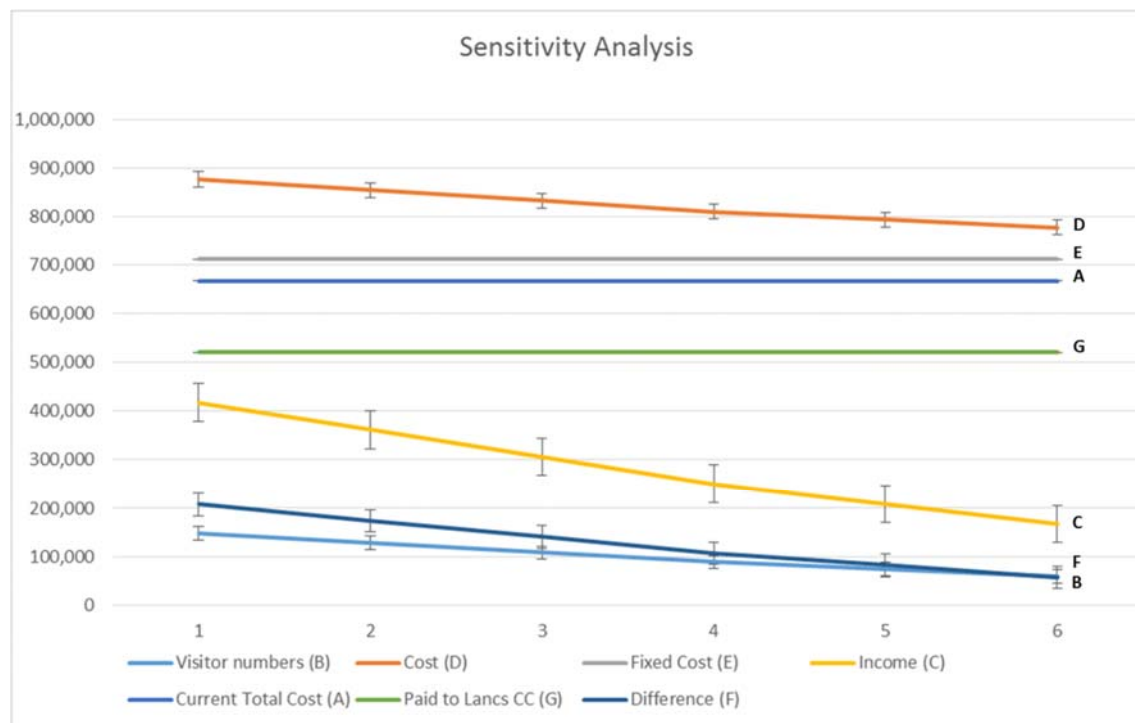


Figure 63: Sensitivity analysis

programme used primarily for the manipulation of large-scale non-parametric data. Its laptop version is now used routinely by a range of social, marketing and healthcare professionals.



The above graph illustrates the following:

<b>A</b>	The current cost of the museum service plus the VIC is roughly £667,000 a year, taking into account costs paid to Lancashire, the cost of the VIC in the Storey and appropriately-provisioned services and building costs
<b>B</b>	This is the modelled (programmed) decline in visitor numbers from 150,000 a year to the current 60,000 – the independent variable
<b>C</b>	The declining income as a direct factor of falling visitor numbers (B)
<b>D</b>	Reducing costs related to declining visitor activity as part-reflection of the inter-dependence of both B and C
<b>E</b>	Fixed costs for the new service at £712,000 a year.
<b>F</b>	Declining difference between the service as now and as projected
<b>G</b>	The current payment by the City to Lancashire County Council of £520,200 a year

Figure 64: Explanation of sensitivity variations

Note in the graph that as 'E' (fixed costs) and 'A' (current costs) are similar it implies that the key variable driving financial performance is visitor numbers. The general direction of the outwardly-focused business and staffing models have been established to facilitate the attraction of as large a number of visitors as possible.

The overall interpretation of the graph is that as visitor numbers decrease (light blue line, B) income declines (yellow line, C) but that the difference between the operation as now (dark blue line, A) and the 'difference line' (blue line, F) is ***always positive***, indicating that the proposed in-house operation ***will always out-perform the outsourced one with Lancashire County Council*** in terms of the underlying subsidy required.

Statistical variations produced by the algorithms for each iteration are shown by the  $\bar{\square}$  bars on each line. These bars indicate the maximum and minimum arithmetical variances for each outcome within the limits set. Thus, fixed costs (A, E and G) show no variation, for obvious reasons, whilst income (yellow line, C) shows the greatest potential variance, as would be expected since it is dependent on visitor numbers.

In terms of total income the model suggests that whilst this is likely to vary between £417,000 (average over five years) to £168,000 a year depending on visitor numbers and their spending (yellow line, C) as visitor numbers fall away, the variation of income *within each iteration* is no more than 20%.

The key, therefore, to the effective demonstration of the business model ***on the ground*** is to maximise visitor throughput<sup>101</sup> whilst, obviously keeping a weather-eye on costs.

<sup>101</sup> For example, further in-depth analysis of income (line C) suggests that the actual 'returns' are dependent almost entirely on the number of children in the museum at any one time: the more the children, the less return from retail, catering and the VR experience, as would be anticipated intuitively.

This financial model suggests that the annual average saving to the City by terminating the existing contract with Lancashire County and following the principles described in this report is approximately £207,000 a year.

What this analysis demonstrates clearly – and this is the key point – is that **under all reasonably predictable circumstances** – the City is **better off** going it alone financially by terminating the existing contract with Lancashire County Council, let alone setting aside all the other benefits for the City’s collection, the image of Lancaster as a ‘heritage city’ and the way in which the service as a whole can underpin many of the City’s wider development ambitions.

## 10 Conclusions and key outcomes

This report has set out a clear way forward for Lancaster's museums service.

Working at the centre of the City Council's administration, the museums service should actively engage with all other departments in delivering the common goals of value for money and economic growth which are the twin pillars of Lancaster's corporate strategy.

Whilst some may see these recommendations as being radical, they are rooted in an honest and forthright assessment of what there is now, how it is managed and what it has achieved, and what are the opportunities presented by a new, and modified, service.

In summary, this report has delivered the requirements of the brief by:

- Recommending and costing a physical design for the Collections Centre
- Recommending and costing a physical design for the City Museum
- Setting out an interpretation/use plan for the collections
- Recommending a governance model and staffing structure
- Considering an Audience Development Plan and Marketing Strategy
- Laying out a Business Case for the redesigned museums service and ancillary services by describing outline costs for all capital investment and revenue expenditure as well as considering a funding and investment framework.

The headline outcome is that the museums service – under all and realistically anticipated outcomes – can not only do more for the District but is better off financially under the City's direct care.

In order to increase visitor numbers to the City Museum to a projected 150,000 a year there is a need to improve public accessibility (including wheelchair access), extend the public realm of the building and provide much-improved exhibition, visitor and staff facilities. Flexibility is key to the future-proofing of any new museum development, to enable it to adapt to new trends and technologies and to provide a constant renewal of activity.

The proposed redevelopment of the museum is based on the provision of the following key components:

- New reception and visitor information facilities
- A museum café and retail space
- An orientation gallery
- An object rich permanent exhibition
- A revenue-earning immersive experience
- Temporary and special exhibition galleries
- Wheelchair access to all areas and new toilet facilities.

This strategy is designed to attract and sustain a new and diverse audience, generate revenue, display the most important elements of the collection, host touring exhibitions, some of national significance, and to support a lively programme of temporary exhibitions to encourage repeat visits.

Reception and welcoming facilities remain inadequate together with a high-profile visitor information, and merchandising outlet. Curatorial office space is reduced in favour of increasing the public realm of the Museum and existing circulation routes compromise the optimal flow of visitors, particularly with regard to the location of the 'Orientation' gallery.

A key outcome of the stakeholder workshop, held in November 2016, is that the preferred option is for a new, two-storey extension to be built in the small square to the north of the Old Town Hall. This solution would potentially resolve the issues which will remain despite the proposed improvements to the existing buildings, by providing some additional 300m<sup>2</sup> of floor area.

Whilst it is recognised that this will involve the development of a highly sensitive city centre site, a high-quality new building would transform the offer of the City Museum, over and above the benefits described above and act as a catalyst for the regeneration of both cultural and commercial activity in the immediate vicinity.

The added value of a new extension can be summarised as providing:

- Much-needed reception and welcoming facilities for an increased number of visitors
- A high profile visitor information centre and retail outlet (otherwise co-located with the café)
- Curatorial offices and retail storage space
- Direct access by stairs and a passenger lift to a new special exhibitions gallery
- Access to both the ground and first floor levels of the Old Town Hall building
- Disabled toilet facilities on the ground floor.

It will also:

- Reduce the need for demolition and new structural works to areas of the existing buildings
- Obviate the need for a new passenger lift within the existing buildings
- Enable spaces in the existing buildings to be used more flexibly
- Create management and staffing efficiencies
- Enable an optimal top-down visitor flow through the museum
- Enable a dedicated education space to be provided with a separate schools entrance
- Revitalise New Street by generating significant footfall
- Raise the profile of the City Museum as a new visitor destination.

Other key outcomes of this report are that:

- There is a clear, well-founded and justified way forward for the City's museums service in terms of governance, management, audience development, collections care and facilities development that offers significantly increased value for money in ways that contribute substantially to economic growth
- For this to be made real, the City should terminate its existing arrangement with Lancashire County Council and manage its museums service in-house within a new business delivery department which is integrated fully within the City's Economic Development section

- It should do this for two main reasons: (a) it is financially beneficial and (b) it will enable the City to directly use its museum resources for economic development in the context of delivering increased value for money
- The issue of managing the service through a trust, charitable company or some such similar vehicle has been explored in detail and rejected
- The cost of developing the new service in capital terms is in the region of £7 million (excluding VAT) and is focused on the creation of a new Collections Centre on land owned by the City and a refurbished, refocused and revitalised City Museum
- The new service will employ more staff than currently, but these staff will undertake different functions within an avowedly outwardly-focused service
- The principle concern in this report is to balance the conservation and maintenance of the collections with the widest possible access to the service, and this has been achieved
- The City will need to begin the process of developing the 'soft' side of the proposals, including contacting all available sources of funding and considering issues of staff retention and recruitment
- The City should actively consider the creation of a dedicated project implementation team to take all the issues and concerns of this report forward as soon as a decision to proceed is made
- The City should transfer the KORR Museum to Lancaster Castle or elsewhere, albeit with the City, perhaps, retaining a form of long-term curatorial and collections-care role
- The City should begin the process of preparing the collections, in their current stores, for transfer to the new Collections Centre
- As part of this, the City should prepare for the closure of the City Museum for a period of, perhaps, two years whilst urgent and necessary developments take place and, in support of this, plan for a concentrated, funded and well-publicised archaeological excavation of Quay Meadow and its immediate environment, beginning with the 2017 season
- Begin to develop these proposals into (a) practical and deliverable designs on actual sites (for the Collections Centre) and (b) for the reconfiguration and redisplay of the City Museum
- Begin the process of disposing of unwanted physical assets – such as the Maritime Museum and the Cottage – at a pace and in ways commensurate with market factors as advised by other consultants to the City, in the knowledge that this action will not have a negative impact on the delivery of the service as a whole once the new arrangements are in place
- Begin the process of orchestrating the City's financial resources to deliver the key outcomes of this study with perhaps an application to the HLF for development funding.

From an overall financial perspective, all figures and projections in this report carry contingencies and associated risks. Both these elements are described in detail throughout this document and have been defined by the best available information.

A major potential source of capital funding is the Heritage Lottery Fund and the way in which this body can be approached is set out in Section 9.3.

One of the aims of this report was to produce and maintain a high productivity, low risk service that generates third party income through overnight stays in the District as well as increased tourism spend from day trippers.

We are confident that the level of analysis presented here is entirely consistent with that of a feasibility study in that it presents a clear, unambiguous and positive way forward for the City to manage and care for the significant collections it holds in trust, and to enliven and reinvigorate the City Museum as a major player in the District's overall economic development programme.

This financial model suggests that the annual average saving to the City by terminating the existing contract with Lancashire County and following the principles described in this report is approximately £207,000 a year.

The analysis demonstrates clearly – and this is the key point – is that **under all reasonably predictable circumstances** – the City is **better off** going it alone financially by terminating the existing contract with Lancashire County Council, let alone setting aside all the other benefits for the City's collection, the image of Lancaster as a 'heritage city' and the way in which the service as a whole can underpin many of the City's wider development ambitions.

## 11 Overall timetable and the way forward

Projecting a delivery timetable for such a complicated project covering a number of disparate sites and measuring over a number of activities that have yet to be defined fully is fraught with difficulty, especially at the feasibility stage.

Nevertheless, a very broad brush attempt has been made, overpage, which looks at (say) a 36-month timetable following the go ahead based on a Council decision that, it can be assumed, is supported by the necessary funds being either ear-marked or actually in place.

The diagram suggests various indicative periods for design (light green), development (dark green) and fit-out (sandy), as well as the need to recruit staff during the development period to see the new service into its opening phase and beyond (pink).

The crucial point here is that the first effort must be focused on the development of the Collections Centre since physical works at the City Museum cannot take place until the Centre is able to receive material, under controlled and acceptable circumstances, from the City Museum and the other museum sites under the City's control.

The above also indicates the need to appoint new people to the key posts described in this report as and when appropriate so that they have a good run-in before the service re-opens. Indeed, their expertise in this regard should be a criterion for their selection.

There will also be a need for the City to appoint dedicated project staff in-house to facilitate the smooth transition of the service from the County to the City and to manage the development process, the cost of which *has not* been estimated in this report.

The timetable also suggests that the City Museum will be closed for a time for refurbishment, fit-out and redisplay before re-opening to the public. From the above, this period of closure could be at least 18 months, possibly 24. The financial implications of this period of closure *have not been modelled* in the current study, and this is an issue of which the City should be aware.

Please note that the plan shown overpage effectively starts *after* notice of termination has been given to the County *and after* the initial design-development team has been assembled through a suitable selection process, the timescales for which are both subject to events external to this report's authors.

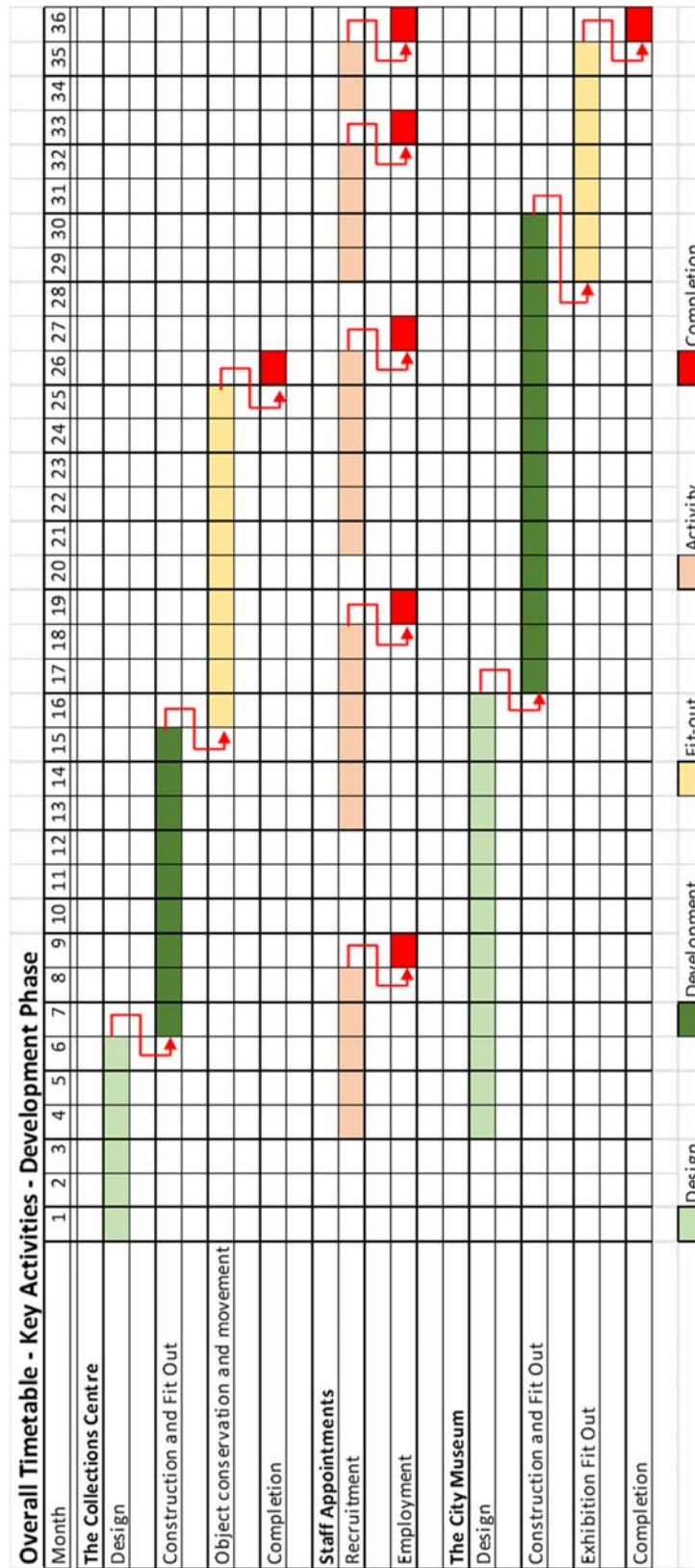


Figure 65: Overall project timetable



In summary the key activities to be undertaken now, in loose order, are:

- Terminate the existing arrangement with Lancashire County Council
- Nominate a project director and assemble a client team and advisors to drive the projects and maximise their chances of success
- Open pre-Planning discussions with the Planning Department and Historic England with regard to the redevelopment of the City Museum
- Open discussions with the Heritage Lottery Fund to ascertain the potential for development and capital funding
- Begin the process of procuring design teams and other consultants for the Collections Centre and City Museum projects
- Begin to develop this feasibility study into (a) practical and deliverable designs on actual sites (for the Collections Centre) and (b) for the reconfiguration and redisplay of the City Museum
- Review, refresh and reconsider all recommendations made in this feasibility report as they apply to the 'soft' side of the development, including all funding sources, staff recruitment and the creation of a dedicated project implementation team
- Plan, develop and implement a programme of public consultation over the development proposals to enlist widespread public support
- Begin the process of disposing of unwanted physical assets – the Maritime Museum and the Cottage at a pace commensurate with market factors supplied to the City by its other consultants, primarily Carillion
- Begin the process of preparing the collections, in their current environments, for transfer to the new Collections Centre
- Actively look at the possibility of transferring the KORR to Lancaster Castle (or elsewhere)
- Plan for concentrated, funded and well-publicised archaeological activity at Quay Meadow and its immediate environment for the 2017 season as a means of keeping the work of the museums service in front of the public.

## Appendix A Consultees

In all consulting exercises the ideas, knowledge and expertise of the people who work with these issues on a day-to-day basis are crucial, and this is the case here.

Many people have engaged with this project and have given freely of their thoughts and ideas based, in many cases, on a number of years' experience in the sector. To these we give particular thanks.

We therefore thank the following for their contributions to this joint effort:

June Ashworth	Cllr, Lancaster City Council	✓
Sue Ashworth	Lancashire County Council	
Alexander Bird	North West Museums Development Officer	✓
Eileen Blamire	Leader, Lancaster City Council	✓
Darren Clifford	Cllr, Lancaster City Council	✓
Stephen Gardiner	Lancaster City Council	☑
Richard Hammond	Lancaster City Council	☑
Janice Hanson	Cllr, Lancaster City Council	✓
John Harman	Secretary, Friends of the Maritime Museum	✓
Anne Marie Harrison	Lancaster City Council	☑
Stephen Holland	Carillion PLC	
Roger Mace	Chair, Friends of the City Museum	✓
Susan Parsonage	CEO, Lancaster City Council	☑
Paul Rogers	Lancaster City Council	☑
Pierrette Squires	Bolton Library & Museum Service	
Col Christopher Warren	Chairman of Trustees, KORR Museum	✓
Ian Watson	Lancashire Museums Service	✓
Lisa Westcott-Wilkins	Dig Ventures Limited	
Brendon Wilkins	Dig Ventures Limited	
Cllr Wilkinson	Cllr, Lancaster City Council	✓

Figure 66: Consultees

- ✓ Indicates those non-City Council staff present at the workshop in the Borough Hotel, Dalton Square, on Thursday, 17 November 2016
- ☑ Indicates those City Council staff present at the same workshop.

## Appendix B Lancaster City Council Museum Collections <sup>102</sup>

### Overview

This document lays out information regarding Lancaster City Council's museum collections that are **not** currently accommodated within the galleries or stores at any of the City Museum sites. Reasons for such absences range from ongoing loans – eg to the Judges' Lodgings Museum or the Museum of Lancashire – to items removed from Lancaster City Council's St Leonardsgate premises and temporarily stored at LCC's store as well as items awaiting delivery to Lancaster – particularly archaeology destined for the warehouse at the Maritime Museum once the site has been cleared of Keepmoat's welfare facilities and the shelving installed. This material was due to arrive at the Maritime at least 12 months ago and includes the archaeological archives from the Lancaster Pot House (St George's Quay) and Mitchell's Brewery (Church Street), the latter is currently at Oxford Archaeology North's (OAN) premises in Lancaster.

NB there may be a small number of items that are not included in this – eg items currently going through the Portable Antiquities Scheme process etc.

### Items on loan

<b>Location</b>	<b>Item</b>	<b>Note</b>
<i>Judges Lodgings Museum, Lancaster</i>	<i>Framed oil painting – portrait of John Manby by LP Spindler</i>	<i>Currently in store after being on display. Will be returned to MM store.</i>
	<i>Framed oil painting – portrait of an unidentified lady in a frilled cap and hood</i>	<i>On display – panelled room ground floor</i>
	<i>Framed oil painting – portrait of an unidentified lady holding drapery in left hand</i>	<i>On display – panelled room ground floor</i>
	<i>Framed oil painting – portrait of an unidentified gentleman in wig and striped robe</i>	<i>On display – panelled room ground floor</i>
	<i>Framed oil painting – portrait of an unidentified lady in blue dress and brown shawl</i>	<i>Currently in store after being on display. Will be returned to MM store.</i>
	<i>8 no Gillow &amp; Co drawings of room interiors for furnishing layouts and designs</i>	<i>1 no framed and on display in Gillow's furniture gallery – first floor. Remaining drawings currently in store after being on display. Will be returned to MM store.</i>
	<i>Porcelain dish – 18<sup>th</sup> C</i>	<i>On display – panelled room ground floor</i>
	<i>Porcelain dish – 18<sup>th</sup> C</i>	<i>On display – drawing room 1<sup>st</sup> floor</i>
	<i>3 no porcelain bowls – 18<sup>th</sup> C</i>	<i>On display – panelled room ground floor</i>
	<i>Porcelain mug – 18<sup>th</sup> C</i>	<i>On display – panelled room ground floor</i>
<i>Porcelain bottle – 18<sup>th</sup> C</i>	<i>On display – panelled room ground floor</i>	

<sup>102</sup> The authors are grateful to Sue Ashworth of Lancashire County Council for proving this Appendix, in November 2016.

Museum of Lancashire, Preston	<i>Model of Waterhouse Hawkin's iguanadon</i>	<i>On display – Gateway Gallery</i>
	<i>Bust of Sir Richard Owen</i>	<i>On display – link area to Lancashire at Play</i>
	<i>Poster – Morecambe for a Perfect Holiday</i>	<i>On display – Lancashire at Play Gallery</i>
	<i>Maquette/statuette by G Ibbeson – Eric Morecambe</i>	<i>On display – Lancashire at Play Gallery</i>
	<i>Original graphic/painting for Morecambe &amp; Heysham holiday guide ' Morecambe and Heysham has everything under the sun'</i>	<i>On display – Lancashire at Play Gallery</i>
	<i>Police charge register with photographs 1893-99</i>	<i>On display – Lancashire Law &amp; Order Gallery</i>
	<i>Framed drawing/cartoon by Starling from the 'Handless Corpse Trial' at Lancaster</i>	<i>On display – Lancashire Law &amp; Order Gallery</i>
	<i>Framed engraving, portrait bust of Sir Robert Peel</i>	<i>On display – Lancashire Law &amp; Order Gallery</i>
	<i>Craam</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Push net</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Net</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Fine net</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Cockle and mussel gauge</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Application form for cockle and mussel permit</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Licence for cockle and mussel fishing</i>	<i>On display – Lancashire at Work Gallery</i>
	<i>Sail maker's palm</i>	<i>On display – Lancashire at Work Gallery</i>
<i>Herring gull – taxidermy specimen</i>	<i>On display – Lancashire at Work Gallery</i>	

### Items currently in LCCMS store, Preston

Item	Size in mm - HxWxD	Cubic metres
Oak court cupboard	1700 x 1400 x 660	1.58
Gillows & Co mahogany sideboard	2300 x 2300 x 700	3.8
Piano	1200 x 1400 x 800	1.35
Early 20 <sup>th</sup> century display case (full length) with mahogany frame and curved glazing	2300 x 1400 x 660	2.13
Delftware pot house archaeology – stored in standard sized boxes H260xW415xD250	Shelf lengths:- 5 no 1300 x 1900 x 500 3 no 1000 x 1900 x 500	9.05
Decorative, 'ormolu' display case – Baroque style [currently in Lancashire Conservation Studios]	2020 x 1270 x 400	1.03

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## Items currently at OAN, Lancaster

NB: sizes not supplied

169 boxes of archaeological finds from a succession of excavations at 4 different points in the Church Street/Mitchell's Brewery/multiplex cinema development, plus 3 loose stones.

[OAN has also alerted the County to a very significant archaeological archive pertaining to Walton-le-Dale (ie outside of Lancaster City Council's collecting area. This is mostly Roman material and cannot be accommodated within LCC's Museum Service store. This has been added here in case Lancaster City Council is considering a store with scope to rent out space for others in the way that Bolton Library and Museum store has offered space in a purpose built spirit store with specific environmental controls.]

# Equality Impact Assessment

This **online** equality impact assessment should:

An equality impact assessment should take place when considering doing something in a new way. Please submit your completed EIA as an appendix to your committee report. Please remember that this will be a public document – do not use jargon or abbreviations.

**Service**

**Title of policy, service, function, project or strategy**

**Type of policy, service, function, project or strategy:** Existing  New/Proposed

**Lead Officer**

**People involved with completing the EIA**

## Step 1.1: Make sure you have clear aims and objectives

Q1. What is the aim of your policy, service, function, project or strategy?

The report contains considerations for the future direction for the City Council's museums service and considers some early actions to underpin successful future management and development .

Q2.

Who is intended to benefit? Who will it have a detrimental effect on and how?

The initial focus of work over the next 6 months is the successful transfer of the museums service back to the city council and recruitment of a specialist manager to play a key role in management and development of the service. This should provide positive benefits to residents and visitors to the aims of the council's strategic objectives. Transfer of the Museums Service back to the City Council and recruitment of a specialist manager to play a key role in management and development of the service. This will be undertaken alongside the development of a HLF Resilient Heritage funding bid and more detailed consideration of options for a potential new Collections Centre and identification of a preferred site

## Step 1.2: Collecting your information

Q3. Using existing data (if available) and thinking about each group below, does, or could, the policy, service, function, project or strategy have a negative impact on the groups below?

Group	Negative	Positive/No Impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Faith, religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender including marriage, pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation including civic partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups such as carers, areas of deprivation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

# Equality Impact Assessment

Rural communities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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## Step 1.3 – Is there a need to consult!

Q4. Who have you consulted with? If you haven't consulted yet please list who you are going to consult with? Please give examples of how you have or are going to consult with specific groups of communities

Consultation work has been undertaken in support of the reports as follows: Discussions with Arts Council England, Heritage Lottery Fund and Museums Development North West are ongoing; A Cabinet Liaison Group discussed these proposals September and again in December. In terms of consultation with the public and with museums staff, details of these proposals have to date been treated as confidential, given the potential impact on county council staff currently employed within the Museums Service. However, no major decisions on reshaping the service have been taken at this time and meetings with staff will take place imminently.

## Step 1.4 – Assessing the impact

Q5. Using the existing data and the assessment in questions 3 what does it tell you, is there an impact on some groups in the community?

<b>Age:</b> The report recommendations do not impact negatively on any groups by age.
<b>Disability:</b> Work on options for buildings will take into account accessibility considerations.
<b>Faith, Religion or Belief:</b> The report recommendations do not impact negatively on any groups by religious affiliation.
<b>Gender including Marriage, Pregnancy and Maternity:</b> The report recommendations do not impact negatively on any groups by gender.
<b>Gender Reassignment:</b> The report recommendations do not impact negatively on any groups by gender reassignment.
<b>Race:</b> The report recommendations do not impact negatively on any group by race
<b>Sexual Orientation including Civic Partnership:</b> The report recommendations do not impact negatively on any groups by sexual orientation.
<b>Rural Communities:</b> The report recommendations do not impact negatively on any rural groups.

## Step 1.5 – What are the differences?

Q6. If you are either directly or indirectly discriminating, how are you going to change this or mitigate the negative impact?

N/A

Q7. Do you need any more information/evidence eg statistic, consultation. If so how do you plan to address this?

No

## Step 1.6 – Make a recommendation based on steps 1.1 to 1.5

Q8. If you are in a position to make a recommendation to change or introduce the policy, service, function, project or strategy, clearly show how it was decided on.

N/A

# Equality Impact Assessment

Q9. If you are not in a position to go ahead, what actions are you going to take?

N/A

Q10. Where necessary, how do you plan to monitor the impact and effectiveness of this change or decision?

N/A



**CABINET**

**Fees and Charges Review – 2018/19  
13 February 2018**

**Joint Report of Chief Officer (Resources) and Chief Officer  
(Environmental Services)**

<b>PURPOSE OF REPORT</b>			
To consider the annual review of fees and charges for 2018/19.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Cabinet Member</b>
<b>Date of notice of forthcoming key decision</b>	December 2017		
<b>This report is public.</b>			

**RECOMMENDATIONS OF COUNCILLOR WHITEHEAD:**

- (1) That Cabinet endorses the Fees and Charges Policy as set out at Appendix A, and during 2018/19 as part of the mid-year budget strategy review, determines whether any other areas of income generation be explored further for 2019/20 onwards.

**RECOMMENDATIONS OF COUNCILLOR LEYSHON:**

- (1) That Cabinet approves:
  - Option 1 – its preferred option for the general tariff increases outlined in Options 1A, 1B and 1C and Table A of the car parking report as set out at Appendix C on all main car parks in Lancaster and Morecambe and Williamson Park.
  - Option 2 – whether to introduce evening parking charges in Morecambe.
  - Option 3 – whether to consider its policy on free Christmas parking.
  - Option 4 – increase all car parking permits by 3%.
  - Option 5 – that formal management and parking charges are introduced on St George’s Quay car park as outlined in Table C of the car parking report as set out at Appendix C, subject to being approved as part of Cabinet’s budget proposals included elsewhere on the agenda.
  - Option 6 – that 7 designated car parking spaces are introduced on Cable Street

**Car Park when the car park is extended, subject to being approved as part of Cabinet's budget proposals included elsewhere on the agenda.**

- **Option 7 – that formal management of Friars Passage Car Park is reintroduced.**
- **That the Off Street Parking places Order is amended at the earliest opportunity to implement the changes outlined in Options 5,6 and 7.**

## 1 GENERAL POLICY

- 1.1 This report sets out the proposed fees and charges framework for 2018/19. The current policy was last considered by Cabinet at its meeting on 14 February 2017 and a copy is attached at **Appendix A**. No substantive updates of the policy are being proposed at this stage, although it is re-iterated that linked to Cabinet's corporate planning and budget proposals, a more focused approach on commercialisation is being adopted. As the emerging strategy develops, then it expected that there will be a need to update the policy in due course to inform future income generation and charging.
- 1.2 In support, **Appendix B** provides a listing of the General Fund fees and charges for 2016/17 actuals, the 2017/18 revised budget and the 2018/19 current base budget. This shows that the total estimated base income to be generated from fees and charges (including rents) is now projected to be £14M next year. Of this total, around £5.4M is generally inflation-linked. The majority of the remaining income relates to statutory fees, commercial charges, general cost recovery and fixed contracts, e.g. trade refuse. As such these income areas allow for little or no discretion in setting fee increases (aside from any consideration of market share etc). Furthermore, certain fees such as various licensing fees cannot by law be set by Cabinet.
- 1.3 From Appendix B, it can be seen that between 2016/17 and 2018/19 gross income from fees and charges is expected to increase from £11.6M to £14M, representing an increase of £2.4M or 21%. Whilst this does not take account any associated expenditure linked to service provision, it does highlight that the Council is continuing to increase significantly its income generation, thereby helping to reduce service subsidisation and protect other service provision. The majority of the forecast increase in income over the period quoted is still attributed to Green Waste charging and Salt Ayre Leisure Centre, resulting in significantly reduced subsidy in providing those services, but forecast income is increasing in many other areas too.
- 1.4 In terms of fee increases, generally as part of the budget process all relevant fees and charges will increase by 2.6% for next year, in line with the annual inflationary review.
- 1.5 Where fees and charges are to change in line with policy and/or the budget, these will be amended through existing Officer delegations and therefore no Cabinet decision is required – and so no detail is provided within this report. It should be noted that in exercising their delegated authority, Officers may well consider groupings of charges for similar or related activities and within those groupings, they may vary individual fees (or concessions) above or below inflation, for example – but as long as in totality, it is reasonable to assume that the relevant income budget will be met and the variances do not go against any other aspect of policy, then no Cabinet decision is required.

- 1.6 On top of such general increases, Cabinet has already identified a number of new charges or other charging changes as part of its budget proposals, which will be included elsewhere on the agenda. Those proposals now incorporate more outline information, in line with the fees and charges policy.
- 1.7 Cabinet is requested to indicate whether there are any other specific areas for income generation that it wishes to consider as part of its budget development, primarily for 2019/20 onwards, on top of those already included.
- 1.8 From an Officer perspective, there is only one charging matter that requires Cabinet's consideration ahead of Budget Council, and this is set out below, together with other key points for information.

## **2 OTHER SPECIFIC CHARGING CONSIDERATIONS**

### **2.1 Environmental Services: Car Parking**

This is the only area in which a number of options are presented and therefore for clarity and to seek Cabinet's direction, full information is included in **Appendix C** to this report. This includes details of consultation.

### **2.2 Environmental Services: Green Waste**

As previously reported to Cabinet on 04 October 2016, the pricing structure for opting into the green waste collection scheme was developed to maximise early uptake (during 2016/17) whilst retaining a balance between affordability for residents and meeting budgeted income targets for 2017/18 and 2018/19 – accordingly, the charge has already been determined for 2018/19. Actual take-up of the service has been less than anticipated, however, and so budgets have been reduced to reflect this. Going forward, a specific "trading" account for Green Waste will be established to determine whether charging is adequately covering associated costs, the outcome of which will determine any future pricing policy. It is likely therefore, that a report will need to be brought back to Members ahead of January 2019 to agree the charge for 2019/20 so that a seamless collection service can be provided.

### **2.3 Environmental Services: Bulky Waste**

Charging for Bulky Waste will be amended through existing Officer delegations and it remains a subsidised service. In order to meet additional income from 2018/19 onwards as per Cabinet's budget proposals, a new pricing structure will need to be implemented from 1 April 2018. The new fees are still subject to agreement with the Council's delivery partner, but for information it is being recommended that they be increased to a £30 minimum charge for up to 4 items plus £8 for any additional item thereafter, compared with the current charge of £20 for up to 3 items plus £7 for any additional item. This is still considered to represent good value when compared with other alternatives, such as hire of a skip or cost of van hire and taking to the tip.

### **2.4 Regeneration & Planning: Extension of Charging for Planning Services**

The most significant income generator within this area is planning fees. Government has recently implemented the planned 20% increase and this is reflected within Cabinet's budget proposals elsewhere on the agenda. Given that the additional income is ring-fenced, subject to Cabinet confirming its budget proposals recruitment

regarding key posts is to commence shortly, but clearly no offers of employment will be made until after Budget Council (and if any changes are made regarding the budget, these will be acted on accordingly).

In terms of discretionary fees, charging for pre-planning advice was introduced on a cost-recovery basis at the beginning of 2015. To be consistent, it is now proposed (as part of Cabinet's budget proposals) to extend charging for the provision of expert advice on the management of trees to avoid potentially negative planning application decisions to undertake work on protected trees. It is assumed that a further £5K per annum will be achieved through extension of charging for this advice. There is the inherent risk however, that the scheme will not prove popular, and that there will be limited, if any demand for this additional service, and so this will be reviewed again in a year's time to inform future budget levels.

## **2.5 Health and Housing: Taxi and other miscellaneous Licensing Fees**

The outcome of the latest review of taxi and other miscellaneous licensing fees is scheduled for consideration by the Licensing Regulatory Committee on 22 March, to enable the new Principal Licensing Manager (in post from late January/early February) to be involved in the process. These fees are, as a matter of law, are not to be determined by Cabinet, although the budgeting implications of the Committee's decision, subject to how material they are, would need to be further appraised and fed into future financial monitoring reports to Cabinet as part of the Council's usual monitoring arrangements and if appropriate budgets be updated as part of the mid-year budget strategy review. Fees for licences within the remit of the Licensing Act Committee are set by central government.

## **2.6 Health and Housing: Disabled Facilities Grants (DFG's)**

The Council currently does not apply VAT to its 18% administration fee for DFG's in line with VAT advice received a number of years ago, however following enquiries with other authorities it transpires that there is a mix of authorities who do apply VAT and others who are considering applying VAT going forward. A technical query raised by Bristol City Council to HMRC in 2013 argues that the administration fees should be treated as outside scope, however whilst under litigation, HMRC are advising that the administration fee should be standard rated. In order to be VAT compliant, therefore, the Council will need to charge 20% standard rated VAT on top of the administration fee it currently applies. As with the existing fee, this will also be top sliced from the grant made available.

## **2.7 Governance: Legal Fees**

The Council is obliged to set its charges for legal fees on what is reasonable based on time spent and complexity, thereby reducing the risk of its legal fees being challenged should an application be made to the Legal Services Ombudsman to determine what was reasonable. However, current fees cannot be substantiated having been developed some time ago and not fully reviewed since. A benchmarking exercise recently undertaken by CIPFA, also found that Lancaster's fees were at the lower end of those benchmarked. Arrangements will be put in place during 2018/19 to undertake a comprehensive review of all legal fees and charges therefore, with a view to ensuring that fees remain appropriate, cover the costs of service provision, are applied in accordance with the Council's Fees and Charges Policy and can be appropriately substantiated if challenged.

**3 OPTIONS AND OPTIONS ANALYSIS**

- 3.1 The attached policy remains substantively unchanged and it is considered that it remains fit for purpose (at least in the short term) and it adequately covers Cabinet’s budget proposals. As such, no options are presented and Cabinet is simply requested to endorse the policy, with a review being undertaken next year.
- 3.2 Options regarding car parking charges are covered in Appendix C.

**RELATIONSHIP TO POLICY FRAMEWORK**

Fees and charges form an integral part of the budget setting process, which in turn relates to the Council’s priorities. Under the Medium Term Financial Strategy (MTFS), income generation is a specific initiative for helping to balance the budget.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

The proposed increases are considered to be fair and reasonable; generally, equality considerations are provided for within the attached policy.

**LEGAL IMPLICATIONS**

Local authorities have a variety of powers to charge for specific statutory services.

The Local Government Act 2003 also provides a power to charge for discretionary services. Authorities are under a duty to secure that, taking one year with another the income from charges for these services do not exceed the cost of provision.

The power to charge for discretionary services is therefore on a cost recovery basis only and is not available if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.

Additionally, the Localism Act 2011 provides local authorities with the general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.

Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.

**FINANCIAL IMPLICATIONS**

Detailed financial implications are set out in the relevant appendices, noting that for the car parking proposals, the Council has discretion in setting the relevant fees, but any proposal resulting in any shortfall in meeting the proposed inflationary increases would, in effect, constitute budget growth.

It should be further noted that Options 5 and 6 of the car parking proposals are also subject to being approved as part of Cabinet’s budget proposals, included elsewhere on the agenda.

**OTHER RESOURCE IMPLICATIONS**

None specifically arising from this report

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and has no further comments.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None

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**LANCASTER CITY COUNCIL**  
*Promoting City, Coast & Countryside*

# **FEES AND CHARGES POLICY**

**February 2018**

## 1 INTRODUCTION

- 1.1 The decisions made by councils about charging for local public services affect everyone. Where councils charge for services, users pay directly for some or all of the costs of the services they use. Where no charges are made, or where charges do not recover the full cost of providing a service, council taxpayers subsidise users.
- 1.2 Fees and charges represent an important source of income, providing finance to help achieve the corporate objectives of the City Council. The purpose of this policy is to set out a clear framework within which fees and charges levied by the Council are agreed and regularly reviewed.
- 1.3 The decisions on whether to make a charge (and the amount to charge) are not always within the control of the Council. Where they are controlled locally, however, it is important that the implications of the charging decisions being taken are fully understood and that the appropriate information is available to make informed decisions.
- 1.4 This policy therefore provides clear guidance to service managers on:
- the setting of new fees and the policy context within which existing charges should be reviewed;
  - how fees and charges can assist in the achievement of corporate priorities;
  - the Council's approach to cost recovery and income generation from fees and charges; and
  - eligibility for concessions.
- 1.5 The policy supports the Council in having a properly considered, consistent and informed approach to all charges it makes for its services. This will, in turn, support the delivery of corporate objectives.

## 2 GENERAL POLICY

- 2.1 This policy relates to fees and charges currently being levied by the Council and those which are permissible under relevant legislation, including the wider general powers to provide and charge for discretionary services included within the Local Government Act 2003.
- 2.2 Statutory charges also fall within the scope of the policy, even though their level may not be determined by the Council. This ensures clarity and consistency and allows subsequent reviews of the policy to be comprehensive. It also enables changes to the national legislative charging framework, and any other situations that may arise in the future, to be addressed.

### Council policies, strategies and priorities

- 2.3 Specific decisions and charging policies should support delivery of the council's Corporate Plan and other local strategies and service objectives. Charging decisions will take account of the council's corporate priorities and have regard for the potential impact on other service areas.



Basis of Charging Decisions

- 2.4 The council will charge for all services where it is appropriate and cost-effective to do so, unless there are contrary policies, legal or contractual reasons that state otherwise.
- 2.5 When discretionary charges are set, the general aim will be to cover the cost of the service or, where legally possible, the council may charge on a commercial basis. Charges will reflect the full cost of provision, unless covered by subsidies/concessions designed to meet corporate priorities or there are contrary policies or legal reasons.

Subsidies and/or Concessions

- 2.6 Subsidies and concessions may be used to help achieve specific targets or objectives. Concessions should be awarded and reviewed in relation to each service. Where subsidies and concessions are applied, there should be a proportionate evaluation process in place to measure levels of success in meeting these objectives. Definitions and qualifying criteria for concessionary target groups should be consistent across the Council.
- 2.7 Any reference to the setting or review of fees and charges within this policy should be taken to include/cover any relevant subsidies or concessions also.

Surplus Income

- 2.8 Income derived from charging will be used to offset the costs of providing the service being charged for, including support service costs. Where a surplus, over budget, is generated in-year, its use shall be determined in accordance with the Council's Financial Regulations (in particular, the virement scheme as set out in the Medium Term Financial Strategy (MTFS)). This is on the provision that this is not prohibited by other statutory requirements or government guidance.
- 2.9 It is acknowledged that the ability to use charges to deliver the corporate priorities of the Council requires a degree of freedom; corporate controls should avoid imposing unnecessary restrictions, but also the Council's future budgetary challenges need to be addressed.
- 2.10 Any proposals for generating any additional income (over and above normal budgetary provisions) to be raised from charging in the expansion and development of a particular service will be considered as part of the budget and planning process, and in line with the approved Medium Term Financial Strategy. Each proposal will therefore be considered on its own merits and in light of financial planning processes and other pressures.

Efficient Administration

- 2.11 Arrangements for charging and collecting fees should be efficient, practical and simple to understand by users, and meet any other requirements of the Council's Financial Regulations and supporting processes. The reasons behind any significant changes to charges should be communicated to residents and service users. The impact of charging decisions on service users and local residents will need to be taken into account.

Regular Review

- 2.12 Charges, and decisions not to charge, will be reviewed annually in sufficient time for the impact of any revisions to be included in the budget setting process. This ensures that they fit within the approved budget framework, as determined by full Council.

Policy Implementation

- 2.13 This policy encompasses decisions made as part of the annual fees and charges review process, where new charges are introduced or where existing charges are removed or amended.
- 2.14 It supports the Council’s Financial Regulations, which are part of the Constitution. Under the Regulations, Chief Officers and others designated by them are responsible for collecting budgeted income, and maximising such income in accordance with this policy and any other relevant supporting policies.
- 2.15 Furthermore, under the Scheme of Delegation to Officers, which is also included in the Constitution, such Officers have authority to set fees and charges in accordance with relevant legislation and any charging policy set by Cabinet (as long as they fit with the approved budget framework).

**3 DETERMINING SPECIFIC CHARGING POLICY (CASE BY CASE)**

- 3.1 Each fee or charge (or group of similar charges) should be linked to one of the categories in the following table and the appropriate charging policy adopted in establishing and reviewing charging rates for that particular service or activity. Where new charges are being introduced or changes in charging policy are proposed, the charging policy should be made clear as part of the decision-making process.
- 3.2 In all cases, in determining an appropriate charging policy proper consideration should be given to the wider equality implications that could affect accessibility of council services to any groups.

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	The council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service.
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service.
Fair charging	The council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the council may be a monopoly supplier of services.

Cost recovery	The council wishes to make the service generally available, but does not wish to allocate its own resources to the service.
Cost recovery with discounts	As above, but the council is prepared to subsidise the service to ensure disadvantaged groups have access to the service.
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services.
Nominal	The council wishes the service to be fully available, but sets a charge to discourage frivolous usage.
Free	Council policy is to make the service fully available.
Statutory	Charges are set in line with legal obligations.

3.3 In applying the appropriate charging policy, as well as equality considerations typically the issues that may need to be considered in setting the level of fee and charge for any particular service include those set out below:

CHARGING POLICY	POLICY OBJECTIVE
Full commercial	<ul style="list-style-type: none"> <li>• Are the charges high enough for the service to be profitable? If not, consider whether the service should be provided.</li> <li>• Are competitors charging similar prices?</li> <li>• Does the council offer any premium in terms of service levels that customers would be prepared to pay more for?</li> <li>• How would changes in pricing structures affect demand for the service and potentially its profitability?</li> <li>• How does the proposed fee structure fit in with the long-term business plan for the service?</li> </ul>
Fair charging	<ul style="list-style-type: none"> <li>• How do the charges compare to other providers of similar services?</li> <li>• Has the loss of income from not charging on a commercial basis been evaluated?</li> <li>• Is the policy constraint justifying this charging policy still valid?</li> </ul>
Cost recovery	<ul style="list-style-type: none"> <li>• Do charges recover the full costs, including overheads, capital charges and recharges?</li> <li>• Is it possible to charge on a full commercial basis and if so has the loss of income from not charging on a full commercial basis been evaluated?</li> <li>• Are Members aware of the effect on demand for this service from this charging policy?</li> <li>• What would be the effect of changing the policy to a different one e.g. subsidised?</li> </ul>
Subsidised	<ul style="list-style-type: none"> <li>• Has the cost of the subsidy been evaluated?</li> <li>• What has been the impact on demand and on service levels from adopting this approach?</li> <li>• Does this approach fit in with the requirements of other funding streams i.e. grants?</li> <li>• Is this approach legally required?</li> <li>• Is there a potential problem from frivolous use of the service?</li> </ul>
Nominal	
Free	
Statutory	<ul style="list-style-type: none"> <li>• Are charges in line with statutory requirements?</li> <li>• Are they set at the maximum permitted levels?</li> </ul>

## 4 **SUBSIDIES AND CONCESSIONS**

4.1 It may be appropriate to consider subsidising some services, particularly if this helps to achieve corporate priorities and supports local strategies and policies. The main reasons for charging less than full cost are set out below:

- There is a sound financial and policy justification for the council tax payers subsidising this service.
- The desire to encourage particular sections of the community to use specific services and they could not afford, or might otherwise be deterred by, full cost charges.
- Charging full cost discourages or prevents uptake, which may have a detrimental impact on the council's finances in the long run.
- Use of the service is sensitive to a change in price – an increase in charges reduces demand and income.
- The council incurs higher costs than other providers because the service is provided in a way that is appropriate and accessible for all sectors of the community.

4.2 When considering using a subsidy, the following points should be taken into account:

- It must clearly and directly support a corporate priority, objective, or policy.
- There is evidence to suggest that the impact of the policy can be measured.
- The cost of the subsidy can be estimated and can be accommodated within the council's budget, making it affordable.
- The proposal is the most effective approach available to deliver the policy objective, and so can be judged to give value for money.

4.3 It is recognised that in some circumstances discounts may not be appropriate and that, in all cases, it will be necessary to carefully consider the impact on income before introducing discounts or concessions to service areas which do not currently offer them.

## 5 **NEW FEES AND CHARGES**

5.1 Proposals for new discretionary fees and charges must be considered within the annual budget process or alternatively, if appropriate, submitted to Cabinet initially for approval as an in-year change. Should any proposed change fall outside of the budget and policy framework, it would also require referral to Council.

5.2 Proposals for new fees and charges should be analysed using the guidance in the appendix to this policy. This effectively provides a brief rationale and business case for the proposed charge.

5.3 The effects of any new charge on service usage and income generated will be monitored regularly over the first 12 months and formally reviewed as part of the following budget process.

- 5.4 Where new statutory fees and charges are to be introduced, or when changes have been notified, ideally Cabinet and/or Council should be advised of any significant budgetary or policy implications prior to their implementation by Officers, should timescales allow; this may be done through the budget process. Alternatively, any implications should be reported retrospectively through usual quarterly monitoring arrangements.

## **6 REVIEWING FEES AND CHARGES**

- 6.1 Chief Officers and designated staff must consider charging policies and current levels of charge each year as part of the budget and service planning process.
- 6.2 The general assumption (where the Council has control) is that the value of fees and charges will be maintained in real terms over time and increased annually in line with estimated inflation, as determined through the budget. Clearly this assumption changes, if the adopted charging policy for a particular activity determines otherwise.
- 6.3 Additionally, Cabinet may decide to set income targets for specific service areas as part of an effort to identify efficiencies and/or generate additional income.
- 6.4 Separate to the annual budgeting exercise, if there are any significant matters arising during the course of a year, such as in cost, market forces or service levels, which materially affect current service costs and revenues, then relevant fees and charges should be reviewed. If it is reasonable for them to be adjusted in year, to keep within the budget framework, then the Chief Officer has delegated authority to do so, as long as any fee or charge under question was not explicitly approved by Members during the last budget process. Any such changes must be reported to Cabinet retrospectively as part of usual quarterly monitoring arrangements.
- 6.5 In all other cases (except for statutory fee change notifications covered in 5.4), any proposals to change fees, and/or any expected income budget shortfalls, must be reported initially for Cabinet's consideration. Referral to Council may also follow, depending on circumstances. Any proposal to amend significantly an existing fee or charge will require a full explanation and justification to be provided.

## **7 COLLECTION OF FEES AND CHARGES**

- 7.1 Fees and charges income should be collected and accounted for in accordance with the Council's Financial Regulations and any supporting instructions, procedures and guidance. Wherever it is reasonable to do so, charges should be collected either in advance or at the point of service delivery. Where charges are to be collected after service delivery has commenced, invoices will be issued promptly, and appropriate collection and recovery procedures followed.

**8 PUBLICATION OF FEES AND CHARGES**

- 8.1 Each service should maintain a schedule of fees and charges levied. This schedule should include, but identify separately, those charges where there are national / external procedures or other specific procedures for determining and reviewing rates of charge.
- 8.2 Generally the Council's fees and charges should be set prior to the start of each financial year. They should be widely published, including through the council's website.
- 8.3 Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented, together with clear advice on VAT, and information on any discounts or concessions available. In the absence of any specific requirements, reasonable notice is defined broadly as one calendar month.

## GUIDANCE FOR NEW FEES AND CHARGES

### Charging Policy

The charging policy objectives must be stated here, together with why this policy (Full Commercial or Fair Charging etc.) has been adopted. The intended aims of the charges should also be clearly thought out and explained. Any legal issues should be identified.

### Comparative Information

Include here details of comparative information collected from other authorities or competitors etc.

### Financial

Information Required	Description
Level of charge	Recommended or proposed new level of charge.
Start date	Proposed implementation date for new level of charge, although it could be related to a future event.
Budgeted income	Level of income to be generated from the new charge.
Surplus / deficit as a percentage of cost	The total cost of supplying the service (including recharges and other overheads) should be calculated and deducted from the income generated. This surplus or deficit should then be compared to the total cost as a percentage. Calculating total cost may require the use of judgement and reasonable assumptions. This is acceptable, so long as a clear audit trail of those assumptions is maintained.
Surplus / deficit per usage	The difference between income generated and the total cost of providing that service, divided by the expected number of users of that service.

### Impact Assessment

Any proposals must identify likely impact on the service's users including; who currently benefits from the service, the effects on them of any changes and who will benefit from new exemptions and discounts together with how demand and usage is expected to change. Equality issues must specifically be considered and reported.

### Impact on Other Areas

The likely consequences in terms of reduced or increased demand for other council services must be identified here as well as any extra costs to other services. Equality issues must specifically be considered and reported.

**Method of Collection**

Proposals for new charges must identify what collection methods will be used. If this is a change in current arrangements it will need to identify the following:

- What the likely impact is on the rate and costs of collection;
- What account has been taken of how low income users can pay; and
- How cost effective will the new methods be?

**Alternatives**

Explain here the other measures that have been considered instead of, or as well as, the proposed charge (cost cutting, reducing charges, sponsorship etc.).

**Consultation**

Include here the extent of consultation conducted, which will be dependent upon the impact of fee and/or charge, and the results of that consultation.



## Summary of General Fund Fees and Charges (Including rents)

## APPENDIX B

For Consideration by Cabinet 13 February 2018

Service	Service Area	Cost Centre Area	Detail Code	2016/17 Actual £	2017/18 Revised £	2018/19 Estimate £	
<b>Environmental Services</b>	Public Realm	City Centre Markets & Traders	Administration Charges	-340	-500	-500	
			General Fees & Charges	-13,100	-13,900	-14,300	
		Happy Mount Park	Market Tolls	-73,543	-73,600	-75,500	
			Rents - Market Stalls	-15,091	-19,600	-20,100	
			Service Charges Recovered	-4,024	-2,600	-2,600	
			Grounds Maintenance	General Fees & Charges	-135,793	-146,500	-146,800
			Bowling	-268	-400	-400	
			General Fees & Charges	0	-26,600	-62,800	
			Rents - Concessions	-3,500	-3,600	-3,700	
			Rents - General	-22,306	-29,600	-23,300	
			Service Charges Recovered	-933	-500	-500	
			Tennis	-145	-400	-400	
		Morecambe Market	Advertising - Hoardings Etc	-228	-300	-300	
			Rents - Market Stalls	-287,962	-278,900	-286,200	
			Service Charges Recovered	-13,925	-12,800	-12,800	
			Storage	-7,109	-6,000	-6,000	
		Non-Resort Parks	Administration Charges	-553	-1,500	-1,500	
			Bowling	-2,035	-2,000	-2,100	
			Receipts Non-Vatable	-10,073	-10,600	-10,900	
			Rents - Concessions	-8,221	-9,300	-9,500	
			Rents - General	-6,587	-9,000	-10,400	
			Service Charges Recovered	-1,677	-1,700	-1,700	
			General Fees & Charges	-51,319	-51,300	-52,600	
		Nurseries	Off Street Car Parks	Car Parking Fees	-2,278,026	-2,185,900	-2,242,700
			Car Parking Fees - RingGo	-143,437	-257,200	-263,900	
			Car Parking Permits	-160,088	-168,400	-164,600	
			Fines	-127,587	-140,000	-140,000	
		On-Street Parking Services	Rents - General	-33,605	-65,300	-65,300	
			On-Street Parking Dispensations	-5,500	-10,300	0	
		Promenade Management	Rents - Concessions	-26,534	-29,300	-30,100	
			Rents - General	-17,259	-15,500	-15,900	
			Sales - Promenade Passes	-1,444	-1,000	-1,000	
			Service Charges Recovered	-666	-1,500	-1,500	
		Public Conveniences	General Fees & Charges	-25,297	-25,300	-25,300	
			Residents On-Street Parking	Car Parking Contracts	-88,142	-88,100	0
		Resort Parks	Rents - Concessions	-2,080	-4,000	-4,100	
			Rents - General	-3,131	-3,200	-3,300	
			Service Charges Recovered	-341	-100	-100	
		Small Parks & Open Spaces	General Fees & Charges	-200	-400	-400	
			Street Cleaning	Fines	-1,477	-2,000	-2,100
		Williamson Park Butterfly House	General Fees & Charges	-22,162	-30,300	-31,100	
			Admission Fees	-76,473	-88,000	-93,100	
			Educational Usage	-10,377	-9,800	-12,000	
			Family Tickets	-28,112	-28,800	-28,200	
		Williamson Park Cafe	Sales - General	-309,364	-306,700	-314,700	
			Williamson Park Events	Special Events	-16,386	-14,600	-16,200
		Williamson Park Ice Cream	Venue Hire	-39,234	-39,800	-44,700	
			Sales - General	-3,081	-6,000	-17,900	
		Williamson Park Mngmt & Admin	Car Parking Fees	-36,957	-37,500	-38,500	
			Sales - General	-350	-400	-400	
		Williamson Park Reception & Retail	Sale of Recycling Material	-1,199	-1,000	-1,000	
			Sales - General	-51,479	-51,100	-52,400	
			Sales - Publications & Data	-196	-200	-200	
			General (CR) - Miscellaneous	-5,422	-5,000	-5,000	
		Safety	Vehicle Maintenance	General (CR) - Miscellaneous	-5,422	-5,000	-5,000
			Service Support	White Lund Depot	Feed In Tariff Credits	-15,981	-17,100
		Waste/Recycling	Bulky Waste Collection	Rents - General	-13,835	-13,800	-13,800
				Sales - Goods Resold	-6,889	-4,900	-5,000
				Training Course Fees	0	0	-6,200
			Three Stream Waste Collection	Domestic Collections	-67,326	-68,700	-70,500
				Sales - Goods Resold	-13,299	-15,800	-16,200
				Sales - Scrap	-1,069	-1,200	-1,200
				Clinical Waste	-5,455	-7,500	-7,500
				Domestic Collections	-3,515	-4,100	-4,200
				Fees - United Utilities	-4,155	-4,200	-4,200
				General Fees & Charges	-50,803	-40,000	-50,100
				Green Waste Collection	-124,896	-616,000	-960,000
Trade Refuse	Trade Refuse Collections			-1,241,190	-1,367,000	-1,417,100	
<b>Governance Services</b>	Democratic Services			Electoral Registration	Sales - Publications & Data	-2,969	-2,100
		Legal	Legal Services Mgt & Admin	General Fees & Charges	-29,413	-41,200	-32,000
	Legal	Legal Fees-County Court	-8,923	-6,700	-16,500		
		Legal Fees-Magistrates Courts	-1,515	-2,800	-2,900		

Service	Service Area	Cost Centre Area	Detail Code	2016/17 Actual £	2017/18 Revised £	2018/19 Estimate £		
		Searches Administration	Search Fees	-230,389	-210,900	-216,400		
<b>Health &amp; Housing Services</b>	Environmental Health	Cemeteries - General	Hire Of Chapels	-4,617	-5,000	-4,600		
			Interment Fees	-138,601	-142,000	-145,800		
			Memorial Fees	-18,152	-24,500	-25,100		
			Rents - General	-513	-500	-500		
			Rents - Grazing Rights	-330	-300	-300		
			Sale Of Grave Spaces	-70,804	-75,700	-77,700		
			Sale Of Memorial Benches	-460	-600	-600		
			Sale Of Memorial Plaques	-30,634	-27,000	-33,000		
			Dog Warden Service	Collections and Kennelling	-5,697	-5,600	-5,700	
				Fines	-1,290	-1,500	-1,500	
				Sales - General	-380	-600	-600	
			Environmental Protection	EPA Authorisation Fees	-15,376	-14,000	-14,000	
				Income - Works In Default	-2,273	-7,100	-2,200	
		Water Sampling Fees		-2,267	-3,100	-3,200		
		Food & Safety	Fines	-50	-100	-100		
			General Fees & Charges	0	-3,000	-3,100		
		Lancaster Port Health Authority	Training Course Fees	-2,583	-5,300	-1,600		
			General Fees & Charges	-5,263	-5,300	-5,400		
			Pest Control	Insect Control Charges	-49,564	-25,000	-31,000	
		Public Health Services	Pest Control Contracts	-65,633	-75,000	-131,800		
			Rodent Control Charges	-38,676	-40,000	-34,100		
			Burial Of The Dead	-9,190	-6,200	-6,400		
			Licences - Dog Breeding	-289	-600	-600		
			Licences - Pet Shops	-1,366	-900	-900		
			Licences-Animal Boarding	-4,112	-4,300	-4,400		
			Licences-Riding Estabs	-723	-800	-800		
			Vets Fees Recovered	-776	-1,000	-1,000		
			GF Housing	Mellishaw Park	Rent - Houses	-53,477	-56,500	-56,500
					Service Charges Recovered	-6,414	-7,200	-7,400
		Licensing	Gambling Act 2005	Amusement Machines	-4,100	-5,100	-5,200	
				Licences - Betting Shops	-10,300	-10,300	-10,600	
				Licences - Bingo Establishments	-4,900	-3,000	-3,100	
				Licences - Lotteries	-3,200	-3,100	-3,200	
				Licences-Gaming Machines	-3,211	-3,100	-3,200	
				Hackney Carriage & Private Hire	Dual Drivers Badge	-41,726	-46,200	-37,200
					H.C. Driver Licence	-5,230	-8,400	-6,100
					H.C. Inspection Fees	-12,614	-13,000	-13,300
					H.C. Taxi Plates	-2,349	-2,200	-2,300
					H.C. Vehicle Licence	-27,903	-27,000	-27,700
			P.H. Drivers Licence		-3,284	-9,000	-8,100	
			P.H. Inspection Fees		-26,531	-25,900	-26,600	
			P.H. Operators Licence		-10,210	-7,000	-5,500	
			P.H. Taxi Plates	-6,045	-5,200	-5,300		
			P.H. Vehicle Licence	-42,865	-42,900	-44,000		
			Licensing Act 2003	Licensing Act 2003 - Personal	-6,963	-7,400	-7,600	
				Licensing Act 2003 - Premises	-114,772	-116,000	-119,000	
			Miscellaneous Licences	Temporary Event Notices	-5,880	-6,700	-6,900	
				Licences - Motor Salvage Operators	-3,343	-1,200	-100	
				Licences - Second Hand Dealers	-265	-300	-300	
				Licences - Sex Shops	-541	-500	-500	
				Licences - Street Cafes	-5,345	-5,300	-5,400	
				Licences-Skin Piercing\Tattoos	-2,822	-1,800	-1,800	
			Sport & Leisure	Community Leisure Projects	Admission Fees	-4,552	-4,500	-4,600
Community Pools	Fees and Charges			-319,000	-138,500	0		
Salt Ayre	Feed In Tariff Credits			-8,657	-12,200	-12,200		
Strategic Housing	Home Improvement Team		Fees and Charges	-1,238,167	-2,100,700	-2,359,700		
		General (CR) - Miscellaneous	-78,583	-10,000	-10,000			
		Administration Charges	-143,490	-160,000	-167,000			
		Admin-Works In Default	-1,359	-7,000	-1,000			
		APS Fees	-122	-100	-100			
		Fines	-5,005	-4,000	-4,000			
		HMO License Fees	-36,990	-72,300	-22,700			
		Immigration Inspection Fees	-724	-300	-300			
		<b>Regeneration &amp; Planning</b>	Development Management	Building Regulations	Bldg Regs - Application Fees	-75,790	-80,000	-112,000
				Development Control	Planning Application Fees	-642,583	-800,000	-750,000
Planning Pre Application Advice Fees	-30,131			-40,000	-52,500			
Economic Development	Arnsdale and Silverdale AONB		Feed In Tariff Credits	-607	-500	-500		
			Lancaster V.I.C.	Commission - Concerts/Discount Ticket	-1,988	-1,100	-1,100	
			Commission - National Express	29	-100	-100		
			Sales - Publications & Data	-6,438	-7,800	-8,000		
			Sales - Souvenirs	-14,332	-16,800	-17,200		
	Morecambe V.I.C.		Commission - Accom Bookings	-32	-100	-100		
			Commission - Coach Travel Tickets	-636	-300	-300		
			Commission - Concerts/Discount Ticket	-153	-300	-200		
			Commission - National Express	-275	-300	-300		
			Commission - Sea Cat	14	-100	-100		

Service	Service Area	Cost Centre Area	Detail Code	2016/17 Actual £	2017/18 Revised £	2018/19 Estimate £
			Sales - Publications & Data	-7,130	-6,900	-7,100
			Sales - Souvenirs	-12,781	-13,300	-13,600
			Travel Tickets	-4,756	-3,200	-3,300
		Platform	Admission Fees	-150,654	-160,000	-160,700
			Bar	-54,006	-59,000	-60,500
			Cafe	-3,181	-3,100	-3,200
			Private Hire	-25,876	-32,900	-33,800
	Regeneration	Middleton Nature	Venue Hire	-32,841	-31,900	-32,700
			Rents - General	-875	-900	-900
			Rents - Grazing Rights	-700	-900	-900
			Rents - Wayleaves & Titles	-500	-500	-500
		West End Property Account	Rents - Commercial Properties	-16,000	-16,000	-16,000
<b>Resources</b>	Financial Services	Financial Services Mgmt & Admin	Administration Charges	-2,225	-2,200	-2,200
	Property Group	Commercial Land & Buildings	Hire Of Premises	-5,493	-4,500	-4,600
			Rents - General	-768,777	-779,300	-813,000
			Rents - Grazing Rights	-2,065	-4,000	-4,000
			Sales - Refreshments	-67	-100	-100
			Service Charges Recovered	-302,164	-297,300	-305,400
		Municipal Land & Buildings	Hire Of Premises	-41,274	-31,900	-40,900
			Rents - General	-4,350	-4,500	-4,600
			Sales - Refreshments	-2,306	-2,800	-2,900
		Property Services Mgmt & Admin	General Fees & Charges	-650	-2,000	-2,100
		Storey Institute	Hire Of Premises	-49,155	-49,000	-55,400
			Rents - General	-78,323	-82,200	-86,200
			Sales - General	-62,672	-110,000	-184,700
			Service Charges Recovered	-69,722	-66,300	-69,400
	Revenues & Benefits	Council Tax & NNDR	Legal Costs Recovered	-394,669	-376,800	-446,600
		Customer Services Mgmt & Admin	Sales - Goods Resold	-752	-700	-700
			<b>TOTAL INCOME</b>	<b>-11,573,406</b>	<b>-13,230,400</b>	<b>-14,026,600</b>

**FEES AND CHARGES POLICY REVIEW**

**APPENDIX C**

**For consideration by Cabinet 13 February 2018**

**1 Background**

**Off-Street Car Parking Charges**

**The Council recognises the contribution effective management of off street car parking makes to the overall management of the public realm, including wider traffic management issues. Effective management is underpinned by a parking strategy which recognises the importance of an effective pricing policy. This in turn supports the wider delivery of the Council's aims and objectives as outlined in the Corporate Plan.**

Last year Cabinet Members approved the following arrangements:

*That Cabinet approves that the most popular 1 and 2 hour parking tariffs are frozen on all car parks.*

*That Cabinet approves to increase the Up to 3 hours charge by 20p and Up to 4 hours charge by 10p on all main short stay car parks in Lancaster and Morecambe, increase the Up to 3 hours charge by 10p in all long stay car parks in Lancaster and Morecambe, increase the Up to 5 hours by 30p and Up to 10 hours by 50p in all long stay car parks in Lancaster, increase the Evening Charge by 10p in all main car parks in Lancaster and increase the Full Day charge by 20p at Williamson Park, Lancaster.*

*That Cabinet approves that free Christmas parking is maintained on all main city and town centre car parks on the following dates:-*

*Sundays – 26 November, 1, 10 and 24 December 2017*

*Thursday evenings – 30 November, 7, 14 and 21 December 2017*

*That Cabinet approves that subject to the outcome of the 2017/18 Phase 1 savings proposals being approved, formal management of the Kingsway car park, Lancaster is introduced and parking charges are approved as follows:-*

*Up to 1 hour - £1.20*

*Up to 2 hours - £2.00*

*Up to 3 hours - £2.50*

*Up to 4 hours - £3.00*

*(Maximum Stay 4 hours no return in 4 hours)*

## Usage Position

The report should be considered in the context of the following-

### Car Park Usage

In recent years there has been a general trend of the overall usage of car parks reducing. However usage over the last 12 months outlined in the following table has been very encouraging and we have seen an overall increase:-

	Short Stay	Long Stay
<b>Lancaster</b>		
2017	705,531	146,324
2016	676,457	143,000
<b>Variance</b>	<b>+4.3%</b>	<b>+2.3%</b>
<b>Morecambe</b>		
2017	300,335	166,994
2016	310,277	165,871
<b>Variance</b>	<b>-3.2%</b>	<b>+0.7%</b>

## Financial Position

The 2018/19 draft revenue budget outlined in the table below assumes that income from fees (pay and display and cashless parking) for day time and evenings will continue at the improved levels achieved in 2017/18. Inflationary increases of 2.6% have then been added to the base budgets in line with the Council's existing policy on fees and charges.

	2017/18 Estimate £	2017/18 Revised £	2018/19 Estimate £	Inflation Included £
Fees	2,415,100	2,443,100	2,506,600	63,500
Permits	154,400	160,400	164,600	4,200
<b>TOTAL</b>	<b>2,569,500</b>	<b>2,603,500</b>	<b>2,671,200</b>	<b>67,700</b>

**The annual review presents options that will at the very least cover additional inflationary increases of £67,700 across the above headings**

### **Closure of Greyhound Bridge**

Greyhound Bridge is completely closed for major maintenance from late January until at least August and possibly longer. During this period traffic will use the Bay Gateway or Skerton Bridge which will operate a two-way traffic system. This is likely to have an impact on congestion in the city and it could have a consequential impact on car park usage and revenue.

### **Closure of Lower Leonardgate Car Park, Lancaster**

Lower Leonardgate car park will also be closed from late January for 18 months to allow a road diversion to be constructed on the car park. This is to allow the

developer of St Leonard's House to erect temporary cranes on the existing highway to assist with the refurbishment of the building. During this closure the road diversion will operate a one-way system into the city centre. The developer has agreed to reimburse the Council for the loss of income from the car park.

### **Update on Mobile Phone Parking**

Since mobile phone cashless parking was introduced in June 2015, 180,000 parking transactions have been purchased up to the end of December 2017. This optional service is now firmly established and has been increasing by approximately 5% each month and now accounts for nearly 6% of total usage.

### **Lancaster Park and Ride**

The Park and Ride site providing 650 car parking spaces opened in early December 2016 and is managed by Lancashire County Council.

The site is open 24 hours, 7 days per day with Park and Ride operating Monday to Saturday with buses running every 30 minutes via George Street to Lancaster Bus Station from early morning to early evening. Parking is currently free of charge but is constantly under review. Parking and bus passengers have increased steadily since the site opened.

The County Council are in discussions with the local NHS Trust through a planning agreement to increase the frequency of the bus service to 15 minutes. This should lead to more people using the service.

### **On Street Residents Parking and Services**

#### Administration of Residents Parking and On Street Parking Services

The City Council currently administers 15 residents parking zones in Lancaster and Morecambe, administers on street parking dispensations and bay suspensions and manages on street pay and display equipment; all on behalf of Lancashire Parking Services (LPS) which is part of the County Council.

LPS has confirmed its intention to administer residents parking from April 2018 and it has been agreed this will also include the other on street parking services that are provided. The transfer of these functions to LPS will provide clearer responsibility for local parking issues and will allow the City Council to concentrate on its core business of managing car parks.

## **2 Specific Car Parking Projects**

**The following specific projects are of note:-**

### **2.1 St George's Quay Car Park**

This car park is owned by the City Council but is not managed as a public car park. The car park is used by residents and businesses and commuter parking is also taking place. Improvement works in conjunction with the County Council

were completed in early 2017 and the introduction of formal management to give priority for parking to residents and businesses was included in last year's car parking report. Some initial consultation has been carried out and further consultation on the specific proposals included in this report is currently being undertaken.

## 2.2 Cable Street Car Park

Extending this car park onto land leased by the Lancashire Fire and Rescue Service is proposed and this will increase capacity by approximately 12 car parking spaces. During negotiations it has been agreed the Service will be allocated 7 designated parking spaces on the existing car park and will be charged the Specific Permit rate that is used for designated spaces on Windy Hill, Bridget Street and Bulk Street permit holder car parks.

## 2.3 Friars Passage Car Park

This car park is situated at the rear of Palatine Hall and is currently used for Pool Car parking. It is recommended the car park is included in the Off Street Parking Places Order to allow formal parking enforcement to be reintroduced.

## 2.4 Ryelands Park Car Park

As part of the closure of Greyhound Bridge the County Council has agreed to contribute to the conversion of the Multi Use Games Area (MUGA) in Ryelands Park to provide 72 additional parking spaces for drivers and it is hoped these will be completed before the end of the current financial year. The spaces will be free of charge for those prepared to Park and Walk during the bridge closure. This provides the potential for managed paid for parking in future years.

# 3 **Proposal Details and Options**

## **Off Street Parking Charges (Generally)**

Parking charges are a useful mechanism for assisting in controlling the demand for parking space and contributing to wider traffic management objectives. Similarly it is also important that parking charges reasonably reflect the shopper and visitor experiences in the various centres and achieve a greater visitor dwell time. The current parking strategy therefore supports the principal of differential charging between Lancaster and Morecambe and the options included in this report maintain these arrangements.

## **On-Street Pay and Display Charges**

Maintaining synchronised parking charges in Lancaster for 1 and 2 hour tariffs for both on-street and off-street parking is an important part of managing the overall demand for city centre parking spaces.

It has previously been agreed with Lancashire County Council that both Council's would synchronise their charges so that on street charges are higher than in off street car parks. This is to encourage greater use of car parks and to discourage customers from driving around the limited number of on-street parking spaces and adding to traffic congestion.

The current charges are as follows:-

<b>Parking Charge</b>	<b>On Street</b>	<b>Car Parks</b>
Up to 1 hour	£1.50	£1.40
Up to 2 hours	£2.60	£2.40

It is not clear at this stage whether the County Council is proposing to increase its on street charges for 2018/19.

### **Option 1 - Off Street Parking Charges**

In terms of overall usage nearly 62% of all parking transactions are for the 1 and 2 hour tariffs (with nearly 40% being for the 1 hour tariff). The 1 hour tariff was increased in 2016/17 and the 2 hour tariff was increased in 2014/15. Setting these tariffs at an appropriate level is important for city and town centre viability. (Cabinet will recall they were frozen during 16/17).

Officers have developed a set of viable proposals based on current car park usage and comparison with other Councils. These are outlined below and in **TABLE A** and are put forward for Cabinet's consideration:-

**Option 1A** – increasing the short stay 2 hour charge and other selected tariffs and freezing the 1 hour charge

**Option 1B** – increasing the short stay 1 hour charge and other selected tariffs and freezing the 2 hour charge

**Option 1C** – increasing the charges outlined in both Options 1A and 1B and freezing the remaining charges



**TABLE A**

Tariffs – main car parks	Current Charge	Option 1A	Option 1B	Option 1C
<u>Short Stay Car Parks -</u>				
Up to 1 hour	£1.40	Freeze	£1.50	£1.50
Up to 2 hours	£2.40	£2.50	Freeze	£2.50
Up to 3 hours	£3.00	Freeze	Freeze	Freeze
Up to 4 hours	£3.60	£3.80	£3.70	£3.80
Up to 10 hours	£8.00	£9.00	£9.00	£9.00
Up to 24 hours	£10.00	£11.00	£11.00	£11.00
Evening Charge (Lancaster)	£1.50	Freeze	Freeze	Freeze
<u>Long Stay Car Parks -</u>				
Up to 1 hour (Festival Market)	£1.20	Freeze	£1.30	£1.30
Up to 1 hour	£1.40	Freeze	£1.50	£1.50
Up to 3 hours	£2.50	Freeze	Freeze	Freeze
Up to 5 hours (Lancaster)	£4.20	Freeze	Freeze	Freeze
Up to 10 hours (Morecambe)	£3.20	£3.40	Freeze	£3.40
Up to 10 hours (Lancaster)	£7.00	£8.00	Freeze	£8.00
Up to 24 hours (Lancaster)	£8.00	£9.00	£9.00	£9.00
Evening Charge (Lancaster)	£1.50	Freeze	Freeze	Freeze
<u>Williamson Park -</u>				
Up to 1 hour	£1.00	Freeze	Freeze	Freeze
Full Day	£1.80	£1.90	£1.90	£1.90
Evening after 5.30pm	£1.00	Freeze	Freeze	Freeze
<b>Additional Income</b>		<b>£62,000</b>	<b>£62,000</b>	<b>£95,000</b>

**Option 2 - Evening Parking Charges in Morecambe**

Evening charges were introduced in Lancaster in 2005 with an initial charge of £1.00 to park from 6.00pm until 8.00am. This charge has increased in recent years and is currently £1.50. Where evening charges apply a 24 hour charge has also been introduced for operational reasons and to give customers the additional option to pay for a 24 hour period.

Proposals to introduce evening charges in Morecambe are outlined below and in **TABLE B**:-

**Option 2A** – introduce evening parking charges and a 24 hour charge on Pedder Street Car Park

**Option 2B** – introduce evening parking charges and a 24 hour charge on Pedder Street, Billy Hill and Library Car Parks (the main town centre car parks)

**Option 2C** – introduce evening parking charges and a 24 hour charge on all the main town centre, Festival Market and Promenade car parks (excluding Coastal Road, Back Brighton Terrace, Battery Breakwater and Heysham Village)

### **TABLE B**

<b>Tariff</b>	<b>Option 2A</b>	<b>Option 2B</b>	<b>Option 2C</b>
Evening Charge 6.00pm to 8.00am	£1.50	£1.50	£1.50
24 hour charge (short stay)	£11.00	£11.00	£11.00
24 hour charge (long stay)			£5.00
<b>Additional Income</b>	<b>£4,000</b>	<b>£6,000</b>	<b>£10,000</b>

#### **Notes:**

1. This would require Marine Road No1 car park to no longer be restricted to 2 hours during the hours of evening charging
2. The evening charge would apply from 6.00pm to 10.00am on Marine Road No 5 and No 6 car parks

### **Option 3 – Free Christmas Parking**

Free car parking on Sundays leading up to Christmas has been in existence since 2001 to encourage residents and visitors to shop locally. It was extended in 2005 to include Thursday evenings in Lancaster when evening charges were introduced and in 2008 to include all the main city and town centre car parks in Lancaster and Morecambe. The Christmas Lights Switch On in Lancaster is the first Sunday of free parking and this is followed by Sundays and Thursday evenings until Christmas (the number of days varying each year). The estimated loss of income is approximately £25,000 and this is already taken into account within the 2018/19 Draft Budget.

These arrangements are only for the City Council's car parks as the County Council does not offer similar free parking arrangements for on street pay and display parking.

The options outlined below are put forward for Cabinet's consideration:-

**Option 3A** - to retain the traditional free car parking on Sundays and Thursday evening's leading up to Christmas

**The cost of providing free parking is included in the 2018/19 Draft Budget**

**Option 3B** - to terminate the traditional free car parking arrangements and to introduce existing parking charges on Sundays and Thursday evenings leading up to Christmas

**This would generate approximately £25,000**

#### **Option 4 – Car Park Permits**

To increase all Car Park permits by approximately 3%

Sales have increased by 7.8% in 2017/18. This report includes proposals to increase permit charges by 3%. Previous experience is that a greater increase results in a similar decrease in sales.

**Estimated additional income £5,800**

#### **Option 5 – St George’s Quay Car Park, Lancaster**

To introduce formal management and parking charges on St. George’s Quay Car Park in Lancaster as outlined in the following table:-

**TABLE C**

<b>Charges to apply 8.00am to 6.00pm, 7 days per week (excluding Bank Holidays)</b>	<b>Proposed Charge</b>
Up to 1 hour	<b>£1.20</b>
Up to 2 hours	<b>£2.00</b>
Up to 3 hours	<b>£2.50</b>
Up to 4 hours	<b>£3.00</b>
Up to 10 hours	<b>£6.00</b>
Business Permit	<b>£150.00 p.a.</b>
Resident Permit	<b>£25.00 p.a.</b>

- Permits would be subject to terms and conditions

Estimated additional income of £10,000 in 2018/19 (and £15,000 per annum thereafter) has been included as part of a savings proposal to be considered separately as part of the budget process. The proposed charging scale above is designed to meet this estimate.

#### **Option 6 – Cable Street Car Park, Lancaster**

To incorporate 7 designated car parking spaces for the Lancashire Fire and Rescue Service when the car park is extended and charge the Specific Permit 7 day price for each space.

Estimated additional income of £9,000 in 2018/19 (and £18,000 per annum thereafter) has been included as part of a savings proposal to be considered separately as part of the budget process.

#### **Option 7 – Friars Passage Car Park, Lancaster**

To reintroduce formal enforcement of Friars Passage Car Park for pool cars. This will have minimal financial impact due the car park only having 6 spaces.

#### **4 Details of Consultation**

The local Chambers of Commerce and of Trade, the Federation of Small Businesses, Lancaster BID, Friends of Williamson Park, Morecambe BID, Morecambe Town Council and Lancashire County Council have been consulted over the options in the report and their comments will be made available at the meeting.

Ward Members, residents and businesses have been consulted over the proposals for St George's Quay Car Park.

#### **5 Options Appraisal**

<b>Advantages</b>	<b>Disadvantages</b>	<b>Risks</b>
<p><u>Option 1A</u></p> <p>This option freezes the most popular parking tariff of 1 hour that accounts for nearly 40% of overall parking transactions</p> <p>The 1 hour parking tariff often provides a guide or perception of the overall level of charging and maintaining this tariff at its current level for as long as possible is beneficial</p> <p>By not increasing the 1 hour tariff and limiting the 2 hour increase to 10p differential charging is maintained in Lancaster with on-street parking charges as agreed with the County Council</p>	<p>This option includes increasing the popular 2 hour tariff by 10p which was last increased in 2014/15.</p> <p>This option includes increasing the 4 hour tariff by 20p rather than by 10p</p> <p>This option includes increasing the over 3 hour long stay (all day) charge in Morecambe by 20p</p> <p>This option includes increasing 3 tariffs that were also increased in 2017/18.</p>	<p>Increasing the popular 2 hour tariff affects a large proportion of customers and could encourage customers to only stay for 1 hour.</p> <p>Increasing the Full Day charge at Williamson Park again could reduce the number of visitors to the Park or further displace onto the surrounding streets.</p>

<p><u>Option 1B</u></p> <p>This option avoids the need to increase the second most popular 2 hour tariff</p> <p>This option reduces the 4 hour short stay increase to 10p rather than 20p</p> <p>This option reduces the number of tariffs to be increased again as well as in 2017/18 to 2 rather than 3</p>	<p>This option affects the most popular 1 hour parking tariff that accounts for nearly 40% of total transactions.</p> <p>This option would result in the differential charge with on-street parking charges in Lancaster not being maintained if County do not increase their 1 hour charge</p> <p>This option includes increasing 2 tariffs that were increased in 2017/18</p>	<p>Increasing the most popular tariff is likely to have a detrimental effect on usage and could encourage shoppers and visitors to go elsewhere</p>
<p><u>Option 1C</u></p> <p>This option makes the largest contribution to car parking revenue and combines the increases outlined in Options 1A and 1B</p>	<p>This option affects a large proportion of customers including the most popular 1 and 2 hour parking tariffs and other selected tariffs</p> <p>This option would also result in the differential charge with on-street parking charges in Lancaster not being maintained if County do not increase their 1 hour charge</p>	<p>Increasing both of the most popular tariffs and other selected tariffs is likely to carry the greatest risk of there being a detrimental effect on usage and shoppers and visitors going elsewhere</p>
<p><u>Option 2A</u></p> <p>Introducing evening parking charges on Pedder Street car park would allow the charges to be trialled and the impacts monitored</p> <p>This could lead to the justification of wider evening charging in Morecambe</p>	<p>Introducing evening parking charges on one car park would result in just one area of Morecambe being affected by the charges and none of the other car parks</p> <p>This would remove one of the evening parking options for residents who live between two town centre resident parking schemes increasing the demand for unrestricted on street parking spaces</p>	<p>Introducing evening parking charges on Pedder Street car park could result in customers transferring to the other main town centre car parks</p>
<p><u>Option 2B</u></p> <p>Introducing evening parking charges on selected car</p>	<p>Introducing evening parking charges on selected car</p>	

<p>parks in Morecambe would generate additional income and would be consistent with Lancaster’s car parking charges.</p>	<p>parks would effectively lead to a two tier charging system if other car parks remained free of charge overnight.</p>	<p>Introducing evening car parking charges could lead to greater demand for unrestricted on-street car parking spaces and reduce the provision for residents who do not live in a residents parking zone.</p>
<p><u>Option 2C</u></p> <p>Introducing evening parking charges on all main car parks in Morecambe would lead to a fairer charging regime and would generate further additional income</p>	<p>Introducing evening parking charges on all main car parks would be unpopular</p>	<p>Introducing evening car parking charges could have a detrimental effect on Morecambe’s night time economy</p> <p>Introducing evening car parking charges on all main car parks could lead to even greater demand for unrestricted on-street car parking spaces and reduce the provision for residents who do not live in a residents parking zone.</p> <p>Introducing evening parking charges on all main car parks could lead to a wider detrimental effect on Morecambe’s night time economy</p>
<p><u>Option 3A</u></p> <p>This option maintains the traditional free parking arrangements leading up to Christmas and encourages shoppers to shop locally.</p> <p>The cost of this option is already included in the 2018/19 Draft Budget.</p>	<p>This option indirectly affects the total income that could potentially be generated from parking and also potentially increases the need for price increases from other tariffs.</p>	
<p><u>Option 3B</u></p> <p>This option removes the traditional free parking at Christmas and potentially has a positive impact on the budget position and also potentially reduces the need to increase other tariffs.</p>	<p>This option would remove the long standing concession of providing free parking leading up to Christmas</p>	<p>The option could encourage shoppers to shop elsewhere and have a negative impact on city and town centre viability at Christmas</p>

<p><u>Option 4</u></p> <p>Car Park permits charges have not been increased since 2014/15 and 3% is a relatively small increase in 4 years.</p> <p>This increase still represents good value compared with daily long stay parking charges.</p>	<p>The increase could result in less permit sales</p>	<p>Potentially less income if sales reduce by more than 3%.</p>
<p><u>Option 5</u></p> <p>This option provides formal management of the car park and will give priority to residents and businesses.</p> <p>This option prevents the long-term parking of vehicles and commuter parking.</p>	<p>Charges will be introduced to offset the cost of enforcement and other operational costs.</p>	<p>Drivers receiving Penalty Charge Notices (PCNs) could feel aggrieved due to confusion over the types of parking spaces.</p>
<p><u>Option 6</u></p> <p>This option provides designated parking as agreed during negotiations with the Lancashire Fire and Rescue Service.</p> <p>This option will provide an element of guaranteed income from the designated spaces.</p>	<p>This option could lead to enforcement issues between designated and pay and display spaces.</p>	<p>None</p>
<p><u>Option 7</u></p> <p>This option allows formal enforcement of the car park and provides appropriate arrangements for unauthorised parking.</p> <p>This option protects the parking spaces giving priority to Pool Car parking.</p>	<p>None</p>	<p>None</p>

## 6 Officer Preferred Options

That Cabinet considers the 7 options outlined in the report.

# Equality Impact Assessment

This **online** equality impact assessment should:

An equality impact assessment should take place when considering doing something in a new way. Please submit your completed EIA as an appendix to your committee report. Please remember that this will be a public document – do not use jargon or abbreviations.

**Service**

## Title of policy, service, function, project or strategy

**Type of policy, service, function, project or strategy:** Existing  New/Proposed

**Lead Officer**

## People involved with completing the EIA

### Step 1.1: Make sure you have clear aims and objectives

Q1. What is the aim of your policy, service, function, project or strategy?

Q2. Who is intended to benefit? Who will it have a detrimental effect on and how?

### Step 1.2: Collecting your information

Q3. Using existing data (if available) and thinking about each group below, does, or could, the policy, service, function, project or strategy have a negative impact on the groups below?

Group	Negative	Positive/No Impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Faith, religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender including marriage, pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation including civic partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other socially excluded groups such as carers, areas of deprivation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rural communities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Step 1.3 – Is there a need to consult!

Q4. Who have you consulted with? If you haven't consulted yet please list who you are going to consult with? Please give examples of how you have or are going to consult with specific groups of communities



# Equality Impact Assessment

Lancaster BID, Morecambe BID, Chamber, Friends of Williamson park, Friends of Ryelands park, Morecambe Town Council. A summary of the proposals has been sent to each of the above for comments which will be provided to Cabinet to inform their decision making.

## Step 1.4 – Assessing the impact

Q5. Using the existing data and the assessment in questions 3 what does it tell you, is there an impact on some groups in the community?

Age: Neutral
Disability: Neutral
Faith, Religion or Belief: Neutral
Gender including Marriage, Pregnancy and Maternity: Neutral
Gender Reassignment: Neutral
Race: Neutral
Sexual Orientation including Civic Partnership: Neutral
Rural Communities: Neutral

## Step 1.5 – What are the differences?

Q6. If you are either directly or indirectly discriminating, how are you going to change this or mitigate the negative impact?

No perceived direct or indirect discrimination arising.

Q7. Do you need any more information/evidence eg statistic, consultation. If so how do you plan to address this?

Nothing specific identified, however monitoring of existing data usage data (where available) would be further evaluated and taken into consideration during the annual review.

## Step 1.6 – Make a recommendation based on steps 1.1 to 1.5

Q8. If you are in a position to make a recommendation to change or introduce the policy, service, function, project or strategy, clearly show how it was decided on.

Through Member decision making or officer delegations, as appropriate.

Q9. If you are not in a position to go ahead, what actions are you going to take?

Report back to Cabinet, primarily as part of normal monitoring, budgeting and outturn reporting arrangements, as appropriate.

Q10. Where necessary, how do you plan to monitor the impact and effectiveness of this change or decision?

Through corporate monitoring / service specific monitoring, as appropriate.

<b>CABINET</b>
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**Budget and Policy Framework Update 2018 to 2022 –  
General Fund Revenue Budget and Capital Programme  
13 February 2018**

**Report of Chief Officer (Resources)**

<b>PURPOSE OF REPORT</b>			
To inform Cabinet of the latest budget and council tax position.			
<b>Key Decision</b>	<b>X</b>	<b>Non-Key Decision</b>	<b>Referral from Officer</b>
<b>Date of notice of forthcoming key decision</b>	15 January 2018		
<b>This report is public.</b>			

**RECOMMENDATIONS:**

To be included in the supplementary report.

**1 INTRODUCTION**

- 1.1 Cabinet's initial proposals regarding the Budget and Policy Framework were considered at Budget and Performance Panel on 23 January and were due to be considered at Council on 31 January.
- 1.2 At the time of writing this report, the Council meeting had not yet been held. Furthermore, other key deadlines had not yet passed and important notifications had not yet been received.
- 1.3 This report therefore simply highlights the information that Cabinet will be requested to consider at its February meeting, and the actions and decisions that will be sought from Cabinet. A supplementary update report will be published on or before 09 February (the same timescales as last year).

**2 GENERAL FUND REVENUE BUDGET SUMMARY AND FINANCIAL STRATEGY**

- 2.1 Various updates and presentational changes are expected to be made to the base budget figures and savings and growth proposals, to reflect latest best estimates, timing considerations, and any late grant notifications.
- 2.2 These will be pulled together so that Cabinet can finalise its full budget proposals and make recommendations to Budget Council.

- 2.3 The Medium Term Financial Strategy (MTFS) will also need to be updated to reflect Cabinet's budget proposals and other key information. As was the case last year, delegated authority will be sought for the Finance Portfolio Holder to agree any updates in order that the full MTFS can be presented to Budget Council. It is intended that the key changes will reflect the strategic planning and budget work undertaken of late, including the updates to budget strategy previously approved by Cabinet.

### **3 FINAL LOCAL GOVERNMENT SETTLEMENT**

- 3.1 It is not yet known when the final Settlement for 2018/19 will be announced. Any changes will be reported for inclusion in Cabinet's final budget proposals.

### **4 COUNCIL TAX**

- 4.1 As part of the Settlement, it is expected that Government will confirm referendum thresholds for 2018/19 and expectations for future years. Assuming that no changes are made and Council reached a decision on this matter at its January meeting, then no further council tax decisions will be required from Cabinet.

### **5 BUSINESS RATES**

- 5.1 As previously reported, legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund must be made each year for council tax (15 January) and business rates (31 January).
- 5.2 In respect of council tax, the review of the Collection Fund's financial position has now been completed. In line with previous monitoring expectations, the Fund is broadly in balance and therefore there is no surplus or deficit to be declared.
- 5.3 For business rates, the calculation of any surplus or deficit remains very complicated and subject to huge year on year fluctuations, predominantly because of the impact of rating appeals and revaluation. Information will be reported in due course.

### **6 PROVISIONS, RESERVES AND BALANCES**

- 6.1 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the level of reserves and balances it should hold. The supporting review is underway, although it also needs to draw on the resolutions of the January Council meeting, the Settlement and Business Rates expectations. Once completed, the results of the review will be reported into Cabinet.

### **7 GENERAL FUND CAPITAL INVESTMENT**

- 7.1 There are some further changes expected in terms of slippage on schemes between the current year and next year, and confirmation of external funding such as that for Disabled Facilities Grants (DFG). Once these points have been addressed and Cabinet's final budget proposals are known, the updated Capital Programme will be presented, with a summary of movements and associated headline figures.

**8 DETAILS OF CONSULTATION**

8.1 As referred to earlier, Cabinet is requested to consider any feedback arising from Budget and Performance Panel and Council. Details of this and any relevant Officer advice will be collated and presented in due course.

**9 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)**

9.1 At this meeting Cabinet will be requested to finalise its revenue budget and capital programme proposals for referral on to Budget Council, using the latest information available. The following sections outline key requirements.

**Revenue Budget**

Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2018/19 balances and fits with the council tax level approved by Council. The Chief Officer (Resources), as s151 Officer, continues to advise that wherever possible, emphasis should be on reducing future years' forecast net budget deficits (either through increasing income, or reducing expenditure).

**Capital Programme**

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2017/18 and 2018/19 must balance. Whilst there is no legal requirement to have a programme balanced over the period to 2021/22, it is considered good practice to do so – or at least have clear plans in place to manage the financing position over that time.

In deciding its final proposals, Cabinet is asked to take into account the relevant basic principles of the Prudential Code, which are:

- *that the capital investment plans of local authorities are affordable, prudent, and sustainable (taking account of stewardship and proportionality); and*
- *that local strategic planning, asset management planning and proper options appraisal are supported.*

**10 OFFICER PREFERRED OPTION AND COMMENTS**

10.1 None given the nature of this report.

**RELATIONSHIP TO POLICY FRAMEWORK**

As covered in the report. The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

**CONCLUSION OF IMPACT ASSESSMENT**

(including Diversity, Human Rights, Community Safety, Sustainability etc)

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.

**LEGAL IMPLICATIONS**

There are no legal implications, given the nature of this report.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

None directly arising, given the nature of this report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has produced this report and her formal advice will be included in the further update report to follow.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None.

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<b>CABINET</b>
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**Corporate Financial Monitoring 2017/18 – Quarter 3**  
**13 February 2018**  
**Report of the Chief Officer (Resources)**

PURPOSE OF REPORT			
To provide an overview of the Council's financial position for Quarter 3 of the 2017/18 monitoring cycle, and the supporting actions underway.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date of notice of forthcoming key decision		N/A	
This report is public.			

**OFFICER RECOMMENDATIONS:**

(1) That Cabinet notes the report and the supporting actions set out.

**1. Overview**

- 1.1. The corporate financial monitoring report for Quarter 3 is attached at **Appendix A**. Note that the monitoring is against the revised budget for the purposes of this update. The headline projections are as follows:
- When compared with the General Fund revised net revenue budget to be considered by Council on 31 January (which provided for a net overspending of £222K), the quarter 3 position shows a net improvement of £48K, forecast to increase to £79K by the year end. If secured, this would bring the overall net overspending for the year down from £222K to £143K.
  - The Housing Revenue Account is currently in line with the forecast net overspending of £221K for the year.
- 1.2. In terms of the General Fund projected net underspending for the year, the key variances relate to employee savings of £50K and additional income of £29K from car parking and Planning fees. The latter were increased by 20% by Government in January.
- 1.3. In support of corporate financial monitoring, the latest Treasury Management update report is included at **Appendix B**.

**2. Performance Monitoring**

In terms of performance monitoring, details are contained in a separate report elsewhere on this agenda, allowing both financial and operational performance to be considered in context.

**3. Options and Options Analysis**

This report is primarily for information and therefore no options are presented. Cabinet Members may propose specific actions to be undertaken, however, as they consider appropriate.

**RELATIONSHIP TO POLICY FRAMEWORK**

This report is in support of the delivery of the Council's overall policy framework, and more specifically its Corporate Plan.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

**LEGAL IMPLICATIONS**

None directly arising from this report. Any additional implications linked to or arising from the various financial matters raised will be addressed in taking any relevant actions forward.

**FINANCIAL IMPLICATIONS**

As set out in the attached.

**OTHER RESOURCE IMPLICATIONS**

**Human Resources / Information Services / Property / Open Spaces:**

References and any related implications are contained within the report and related appendices.

**SECTION 151 OFFICER'S COMMENTS**

This report is in the name of the s151 Officer, albeit in her capacity as Chief Officer (Resources).

**DEPUTY MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None.

**Contact Officers:** Andrew Clarke, Financial Services Manager **Telephone: 01524 582138**  
**E-mail:** [acclarke@lancaster.gov.uk](mailto:acclarke@lancaster.gov.uk)  
**Ref:**

## CORPORATE FINANCIAL MONITORING 2017/18

### QUARTER 3

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#### INTRODUCTION

This report provides the key variances to note as at the end of December, in terms of the revenue and capital budgets and local taxation. Please note that monitoring is against the revised budget for the purpose of this update – this is due to be approved by Council on 31 January.

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#### REVENUE BUDGET

**General Fund** – Current net underspending of **£48K**, forecast to increase to **£79K**, which would bring the budgeted overspending down from £222K to £143K for the year (when compared with the original budget). The main variances are summarised in the table below. In addition, a more detailed monitoring statement on Salt Ayre Leisure Centre is included at **Annex A**.

	Qtr 3 £000's	Full Year Forecast £000's
<b>Revised General Fund Net Revenue Budget (after £222K use of balances)</b>	<b>15,839</b>	<b>15,839</b>
	(Favourable)/+Adverse	
Employees	(28)	(50)
Premises	+12	+3
Transport	0	0
Supplies & Services	0	(7)
Fees & Charges	(31)	(29)
Other Income	(1)	+4
<b>Forecast Net Revenue Outturn</b>	<b>15,791</b>	<b>15,760</b>
<b>(Net Underspend)</b>	<b>(48)</b>	<b>(79)</b>

Employee savings relate to delays in recruitment and restructuring within Health & Housing.

The increase in Fees & Charges is primarily due to additional pay and display income, although this amount is expected to substantially reduce in Q4 due to the impact of the forthcoming Greyhound Bridge repairs. The Full Year Forecast also incorporates the impact of the Government's 20% Planning Fee increase from February 2018.

**Housing Revenue Account** – No significant variances highlighted at Q3, with the year-end forecast remaining in line with the revised budget net overspending of **£221K**.

#### ACTIONS COMPLETED:

Actions/improvements being taken to reduce void losses and secure other operational improvements within RMS were reported to Cabinet on 16 January as part of the HRA budget report, the outcomes will be reported back to Cabinet in the Autumn.

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#### CAPITAL

##### *Expenditure*

**General Fund** – The latest revised programme as reported to Cabinet on 16 January was £12.048M. Spend and commitments at the end of December totalled £8.380M leaving £3.668M still to spend.



Further reviews of the programme will be undertaken before the final programme is presented to Budget Council on 28 February.

**Housing Revenue Account** – Latest revised programme as reported to Cabinet on 16 January was £4.204M. Spend and commitments at the end of December totalled £3.175M leaving £1.029M still to spend. Further reviews of the programme will be undertaken before the final programme is presented to Budget Council on 28 February.

### **Financing**

As reported to Cabinet on 16 January, capital receipts are now forecast to be £1.081M this year, which is a net increase of £211K on the originally budgeted £870K. The main additional receipt relates to the sale of St. Leonard's House.

## **RESERVES**

A full update on reserves will be reported to Cabinet and Council in February.

## **LOCAL TAXATION**

**Council Tax** – Current deficit of £19K (£153K surplus at Qtr2). Main changes are:

- Deficit from previous year +£188K
- Reduced cost of Council Tax Support (£397K)
- Reduced charge for Second/Empty Homes +£86K
- Other Movements in Tax Base +£142K

In tax base terms this equates to approximately 11 net chargeable Band D equivalent properties, bringing the total tax base to 40,829 gross properties. One of the key factors in the change from a surplus to a deficit position will be the impact of additional discounts given in respect of properties affected by the flood in November.

A formal assessment of the Council Tax position was made on 15 January in line with the statutory requirements and a balanced fund was forecast for the year end, i.e. no overall surplus or deficit.

**Retained Business Rates** – The latest position on business rates shows net income down by £64K (up by £220K at Qtr1) when compared to the original estimate. The Net Rates Payable is down by £1.229M mainly due to additional reliefs and transitional protection being awarded. However, this is offset by a reduction in appeals of £1.165M.

	<b>Original £000's</b>	<b>Sept £000's</b>	<b>Dec £000's</b>	<b>Movement From Original £000's</b>
Net Rates Payable	(63,377)	(62,148)	(61,712)	+1,665
Appeals	6,759	5,594	2,844	(3,915)
<b>Business Rates Income</b>	<b>(56,618)</b>	<b>(56,554)</b>	<b>(58,868)</b>	<b>(2,250)</b>
City Council Retained Income (40%)	(22,647)	(22,622)	(23,547)	
Less Tariff	19,662	19,662	18,588	
Add Small Business Rates Relief Grant	(1,251)	(1,289)	(1,315)	
<b>Net Retained Income</b>	<b>(4,236)</b>	<b>(4,249)</b>	<b>(6,274)</b>	
Safety Net Payment	(720)	(707)	-	
50% Levy Payment	-	-	458	
<b>Total Retained Income</b>	<b>(4,956)</b>	<b>(4,956)</b>	<b>(5,816)</b>	

As a result of the Provisional 2018/19 Finance Settlement the business rates position has changed considerably. The Settlement included an adjustment to the 2017/18 tariff to address the impact of the 2017 revaluation on local authorities. For Lancaster this means a reduction of £1.074M, subject to the final Settlement being approved. Overall, this would mean a potential year end surplus of £458K for the Council after allowing for a 50% levy payment to Government. The complexities of the business rates system mean that this surplus will not be available until 2019/20, and may well change as a result of appeals.

Finally, the position has also improved as a result of a reduction in the provision for appeals. The latest reassessment indicates that the provision can reduce by some £3.9M. However, this is caveated by the fact that no appeals in the relation to the 2017 rating list have yet been submitted and a very broad estimate of potential costs has been made. A formal assessment of the business rates position will be made at the end of January in line with the statutory requirements.

### Collection Performance

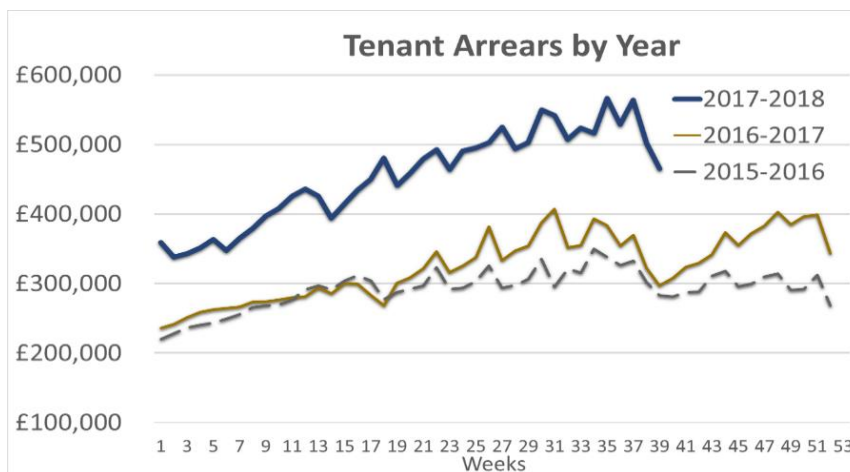
Both Council Tax and Business Rates are slightly behind target - no specific action is required.

	Full Year Target	Target to Date	Actual to Date
Council Tax	96.4%	84.7%	84.4%
Business Rates	98.8%	80.0%	79.9%

## INCOME COLLECTION

### Council Housing Rent Arrears –

At the end of December the level of current council housing rent arrears was £465K (3.5% of rent debit), a reduction of £37K on the previous Qtr2 figure of £502K. Even though there has been an improvement the level of rent arrears will remain high due to the continuing impact of Universal Credit.



In terms of collection, at the end of Qtr 3 the percentage was 99.05% (Qtr 2 97.78%) against the target of 99.4%.

### UPDATE ON ACTIONS BEING TAKEN:

As was reported to Cabinet on the 16 January it is proposed that a further Income Management Officer is appointed to address the increasing case load and provide capacity to undertake more preventative work; providing increased and much needed capacity to provide advice and support to tenants around arrears, benefits, budgeting, and signposting to other services. In addition to this a review of the arrears management processes and systems has been undertaken to provide further capacity to undertake preventative and recovery work.

**Sundry Debts** – At the end of December the level of debt was £3.175M which is a decrease of £279K from Qtr2. Environment Services, Resources and Housing Benefit debts have decreased by £205K, £72k and £42K respectively, whereas other general sundry debts have increased by £39K. The bad debt provision currently stands at £2.309M which is £15K more than the required level. No action is required at present but a further review of the provision will be made at Outturn.

SERVICE	< 28 Days	28-59 Days	60-91 Days	92-183 Days	184-364 Days	365+ Days	2017/18 QUARTER 3 TOTALS	Compared to 2016/17 Quarter 3 totals
	£	£	£	£	£	£	£	£
Enviromental Services	380,306	20,374	8,378	16,658	94,592	11,375	531,683	252,213
Regeneration & Planning	19,697	4,256	23,456	460	11,793	3,910	63,572	48,607
Resources	157,438	17,799	19,755	96,458	48,589	62,901	402,941	468,340
Health & Housing	54,916	2,245	603	22,559	20,927	24,216	125,467	79,727
Governance	-	-	7	300	900	-	1,207	500
Hsg Benefits (Revenues)	35,683	55,347	59,578	199,137	229,730	1,470,215	2,049,690	1,955,584
<b>2017/18 Quarter 3 Totals</b>	<b>648,041</b>	<b>100,021</b>	<b>111,777</b>	<b>335,572</b>	<b>406,532</b>	<b>1,572,617</b>	<b>3,174,560</b>	<b>2,804,971</b>
<b>2016/17 Quarter 3 Totals</b>	<b>405,751</b>	<b>164,804</b>	<b>82,970</b>	<b>242,903</b>	<b>477,916</b>	<b>1,430,627</b>	<b>2,804,971</b>	

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## CONTRACT PROCEDURE RULES AND OTHER EXCEPTIONS TO TENDER

**Exceptions to Tender** – There was one exception to tender in Qtr 3:

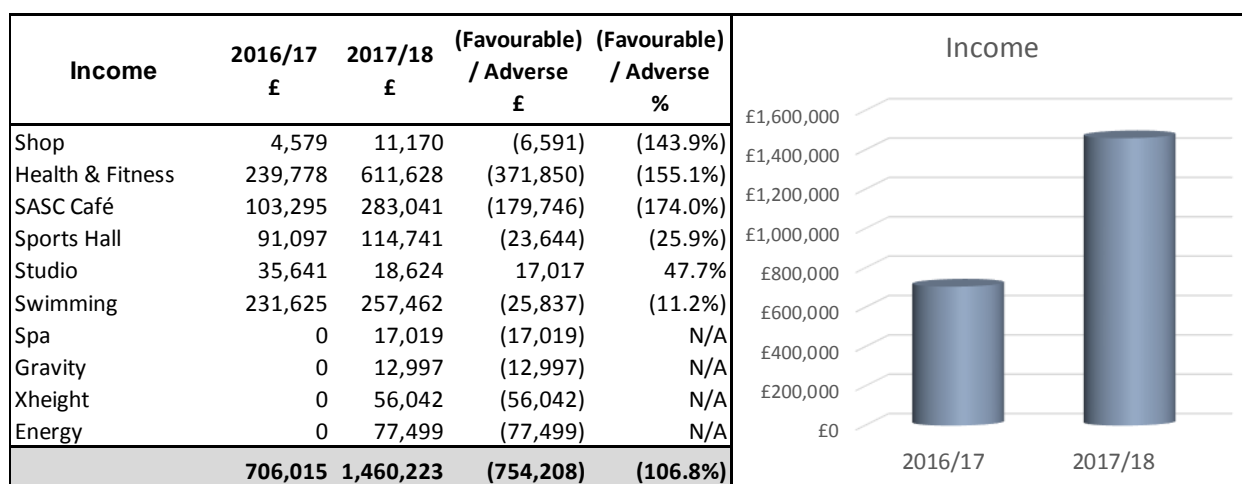
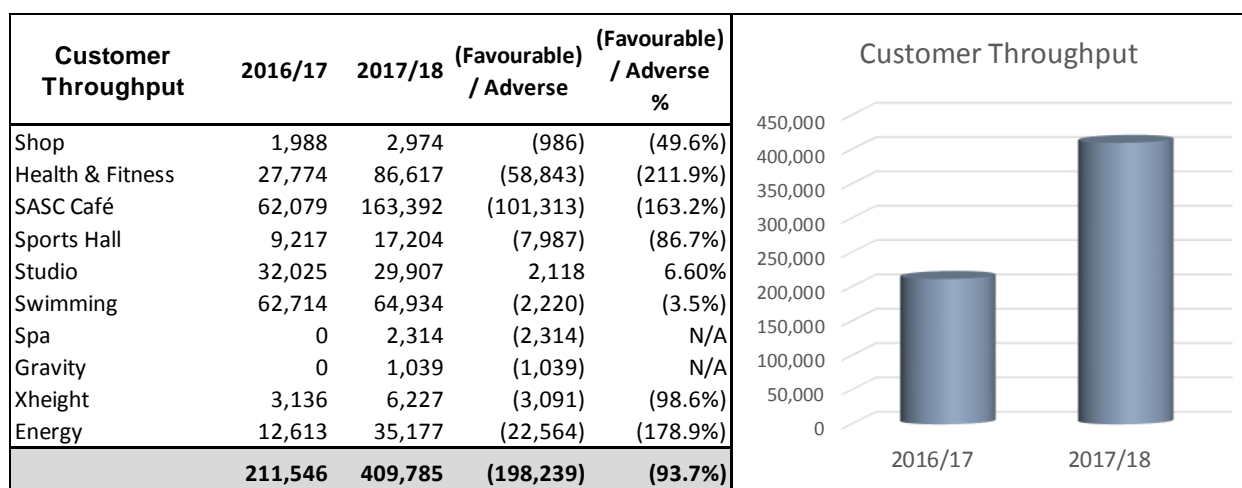
- Renewal of Soil Vent Pipes and Rain Water Pipes to high Rise flat blocks, the request was to carry out a restricted tender process using a number of specialised and registered installers of the Polypipe products ensuring maximum guarantees from the manufacturer.
-

## SALT AYRE LEISURE CENTRE

### 2017/18 QUARTER 3 PERFORMANCE MONITORING

#### Key Messages

- Salt Ayre Leisure Centre continues to perform well when compared to 2016/17, and shows a reduction in direct net operating cost from £789K in 2016/17 to a projected cost of £175K for 2017/18 (£614K reduction).
- The café is on course to achieve the £400K income target for 2017/18.
- Efficient management of the transformational project continues with new LED lighting systems fitted to the swimming pool, changing rooms and exercise studio.
- Similarly a new combined heat and power unit is currently being installed and due for commissioning in February 2018.
- Tranquil (Spa) opened in October 2017 and has received impressive customer feedback for all aspects of the operation.
- There has been an average increase of 94 % in throughput for the Leisure Centre compared to the equivalent period last year.
- Swimming lessons have benefited from the increased throughput with participants increasing from 300 at the start of the financial year to 420 currently.
- However, financially the position remains as previously reported, with direct net operating costs increasing by £236K when compared to the original estimate, of this £272K is attributed to lower income than anticipated.



	2016/17 Full Year Actuals	2017/18 Original Full Year Budget	2017/18 Revised Full Year Budget	Qtr3 Budget	Qtr3 Actual	Qtr3 Variance	Full Year Projection	Variance to Revised Budget	Percentage of Revised Budget
	£		£	£	£	(Favourable) / Adverse £	£	(Favourable) / Adverse £	
<b>Expenditure</b>									
Employees	1,000,255	1,256,400	1,264,900	913,173	905,986	(7,187)	1,255,549	(9,351)	-1%
Premises Costs	613,613	603,900	588,600	486,033	491,622	5,589	591,700	3,100	1%
Transport Costs	14,714	13,300	16,200	15,616	15,616	0	16,200	0	0%
Supplies and Services	424,726	449,500	483,100	405,083	415,563	10,480	493,580	10,480	} 0%
Funding from Renewals Reserve	0	0	(64,400)	(64,400)	(74,400)	(10,000)	(74,400)	(10,000)	
<b>Income</b>									
Fees and Charges	(1,263,912)	(2,383,800)	(2,111,900)	(1,512,046)	(1,508,088)	3,958	(2,106,900)	5,000	0%
<b>Direct Net Operating Cost/(-) Surplus</b>	<b>789,396</b>	<b>(60,700)</b>	<b>176,500</b>	<b>243,459</b>	<b>246,299</b>	<b>2,840</b>	<b>175,729</b>	<b>(771)</b>	
						<i>Change from Original Budget</i>	<i>+236,429</i>		
Support Service Costs	325,388	349,900	365,500	270,225	270,225	0	365,500	0	
<b>Total Net Operating Cost</b>	<b>1,114,784</b>	<b>289,200</b>	<b>542,000</b>	<b>513,684</b>	<b>516,524</b>	<b>2,840</b>	<b>541,229</b>	<b>(771)</b>	
Renewals Reserve Contribution	50,000	150,000	150,000	112,500	112,500	0	150,000	0	
Capital Financing Costs - MRP re £5M development	0	177,600	177,600	133,200	133,200	0	177,600	0	
<b>Total Net Cost</b>	<b>1,164,784</b>	<b>616,800</b>	<b>869,600</b>	<b>759,384</b>	<b>762,224</b>	<b>2,840</b>	<b>868,829</b>	<b>(771)</b>	

### Comments from Sport and Leisure Services Manager

The transformation of Salt Ayre Leisure Centre has continued over recent months seeing the opening of a major new build that forms the Spa and Hub facilities. Tranquil (Beauty Spa) opened in October 2017 with a new team of specialist of staff delivering a wide range of treatments and managing the thermal journey (aromatherapy steam, salt inhalation steam, herbal sauna and watermill sauna) including a dedicated relaxation lounge.

The Hub Facility includes a Feel Good Suite with toning tables and is managed by a team employed by the City Council and funded by Lancashire County Council Public Health. This facility offers the opportunity for people of all ages and abilities to take part in physical exercise and contributes significantly to the mental and physical health agendas.

The opening of Tranquil has proved to be successful in attracting new customers to the Centre and is something that the marketing and business plan will maximise the potential for cross service/activity sales.

Since the opening of the Spa it has been possible to review income projections in light of the actual customer levels. As a result Officers have lowered the original net income forecasts, set in 2017, by circa £95K for 2018/19, but expect them to reach their original target over the next 2-3 years as the business grows and becomes established.

The Centre has seen throughput continue to reach significantly high numbers and the new custom has had a positive effect on other areas such as swimming and gymnastics. It is clear from participants for swimming lessons having risen from 300 to 420 in the last year that the transformation of the whole Centre has attracted a new market and the added payment facility of direct debit has proved popular with customers. Similarly gymnastics participants have increased by in excess of 50 with the direct debit option proving equally popular.

Once again the Centre is about to feature as an exemplar case study in a leading UK Health Club Management journal.

The café is on target to achieve the revised income budget of £400K and is a good example of how sometimes a new business needs time to adapt. The early part of this financial year saw a change in the management team and an associated period of disruption to staff and inconsistency in customer service. The new manager has changed the menu, introduced improved systems including staff performance management and has helped raise the levels of customer service. The staff structure should be more complete by January and despite some long periods of sickness absence from staff the operation now seems to be delivering against earlier expectations.

The transformational project continues to see Council wide cooperation between Services with the recent installation of a LED lighting scheme to the swimming pool, studio and changing rooms. The work was delivered on time and to budget.

Similarly, installation of a new combined heat and power (CHP) unit with associated energy saving benefits will be ready for commissioning in February 2018.

Current income and expenditure projections are in line with the lower revised expectations as the Centre moves towards a critical period for gym membership sales during January and February.

**Treasury Management Update  
Quarter Ended 31 December 2017  
Report of Chief Officer (Resources)**

# 2017/18 Treasury Management Update

Quarter Ended 31 December 2017

## 1. Introduction

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (through the reporting of the Treasury Management Strategy, and annual and midyear reports). This report is in line with best practice in accordance with that Code, to help demonstrate transparency and promote accountability.

## 2. Economic update (provided by Link Asset Services - formerly Capita Asset Services)

*After the UK economy surprised on the upside with strong growth in 2016, growth in 2017 was disappointingly weak in the first half of the year; quarter 1 came in at only +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y), which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 75% of GDP, has seen weak growth as consumers cut back on their expenditure.*

*However, growth picked up in quarter 3 to 0.4% and in quarter 4 there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, this sector only accounts for around 11% of GDP so expansion in this sector will have a much more muted effect on the average total GDP growth figure for the UK economy as a whole. Growth in quarter 4 is expected to be around 0.4% again which would see annual growth in 2017 coming in at around 1.7 – 1.8%, almost as strong as the recently upwardly revised figure for 2016 of 1.8%, (which meant that the UK was equal to Germany as having the strongest GDP growth figure for the G7 countries in 2016).*

*The Monetary Policy Committee (MPC) meeting of 14 September 2017 surprised markets and forecasters by suddenly switching to a much more aggressive tone in its words warning that the Bank Rate will need to rise. Recent Bank of England Inflation Reports have flagged up that they expected CPI inflation to peak at just over 3% in late 2017, before falling back to near to its target rate of 2% in two years' time. Inflation actually came in at 3.1% in November. The reason why the MPC became so aggressive with its wording in September and November around increasing the Bank Rate was due to an emerging view that with unemployment falling to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of increasing globalisation. This effectively means that the UK labour faces competition from overseas labour e.g. in outsourcing work to third world countries, and this therefore depresses the negotiating power of UK labour. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so would be inflationary over the next few years.*



*It was therefore no surprise that the MPC increased the Bank Rate by 0.25% to 0.5% in November. However, their forward guidance of two more increases of 0.25% by 2020 was viewed as being more dovish than markets had expected. However, some forecasters are flagging up that they expect growth to improve significantly in 2018, as the fall in inflation will bring to an end the negative impact on consumer spending power while a strong export performance will compensate for weaker services sector growth. If this scenario were to materialise, then the MPC would have added reason to embark on more than one increase in Bank Rate during 2018. While there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.*

### 3. Interest Rate Forecast

The council's treasury advisor, Link Asset Services has provided the following forecast:

Link Asset Services Interest Rate View													
	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB rate	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB rate	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB rate	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

*Link Asset Services undertook its last review of interest rate forecasts on 7 November after the quarterly Bank of England Inflation Report and MPC meeting. As expected, the MPC policy raised the Bank Rate by 0.25% to 0.50%. The MPC also gave forward guidance that they expected to raise the Bank Rate by 0.25% only twice more in the next two years to reach 1.0% by 2020. This was very much in line with previous guidance that the Bank Rate would only go up very gradually and to a limited extent.*

*The overall balance of risks to economic recovery in the UK is probably currently to the downside due to the uncertainties around Brexit; however, given those uncertainties, there is a wide diversity of possible outcomes for the strength of economic growth and inflation, and the corresponding speed with which Bank Rate could go up.*

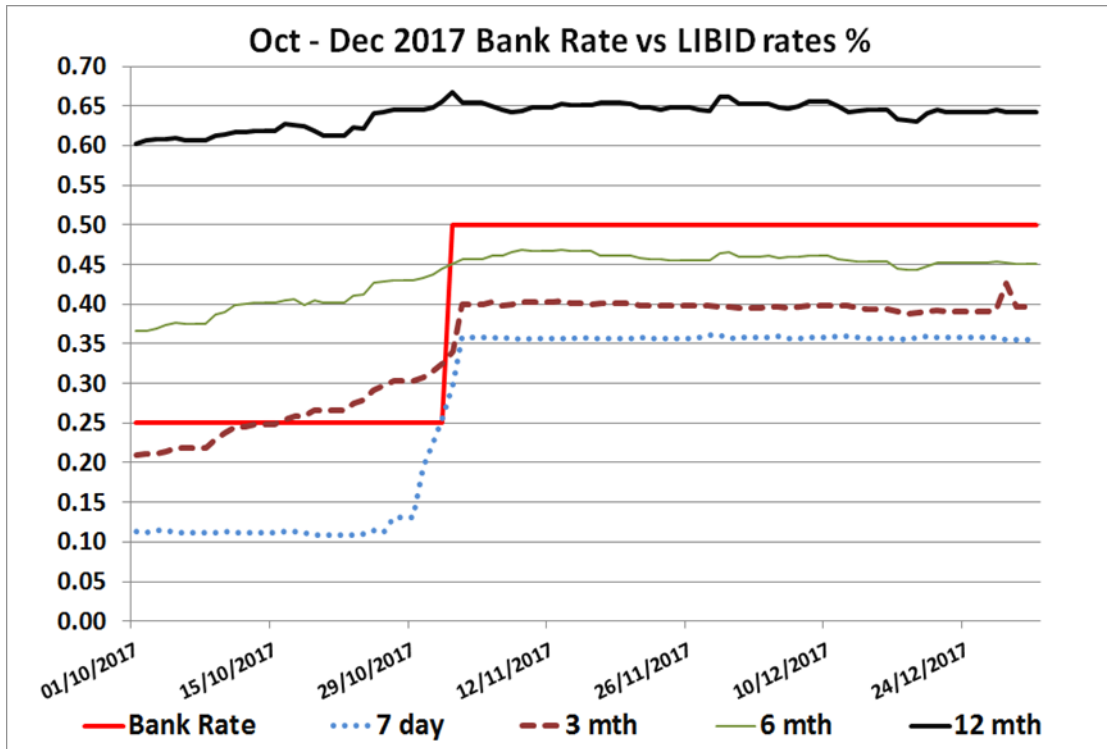
### 4. Investing Activities

The Treasury Management Strategy Statement (TMSS) for 2017/18, which includes the Annual Investment Strategy, was approved by the Council on 01 March 2017. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also, if and where appropriate, to seek out value available in periods up to 12 months with highly credit rated financial institutions, using the adopted creditworthiness approach, including a minimum sovereign credit rating, and Credit Default Swap (CDS) overlay information.

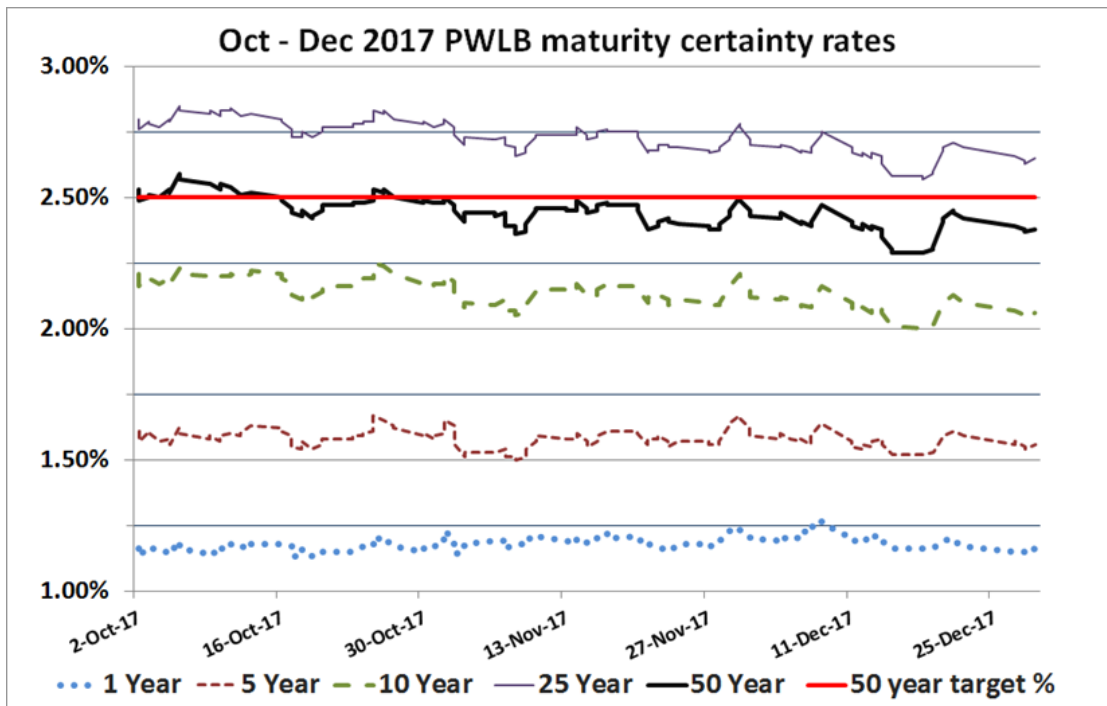




**5. Borrowing Activities**

PWLB rates jumped up sharply after the 14 September MPC meeting but then fell back somewhat during the quarter, except for the 1 year rate which peaked in early December.

During the quarter, the 50 year PWLB target (certainty) rate for new long term borrowing was unchanged at 2.50%.



Due to the overall financial position there is no new underlying need to borrow for capital purposes (the Capital Financing Requirement – CFR), therefore no new borrowing was undertaken.

## **6. Debt Rescheduling**

Officers continue to monitor potential saving opportunities associated with the early repayment of existing debt. This takes into account the premiums or discounts associated with early repayment and the projected cost of refinancing or loss in investment interest. Debt rescheduling opportunities have been limited in the current economic climate and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. At present it would not be financially prudent to repay any debt because of the high penalties associated with early repayment. No debt rescheduling was, therefore undertaken during the quarter.

## **7. Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. The Council's approved Treasury and Prudential Indicators are included in the approved Treasury Management Strategy.

## **8. Risk management (Key Aspects)**

### **Investment Security:**

There is still significant inherent risk generally affecting counterparties (i.e. who investments are placed with). These are considered to be managed effectively through the creditworthiness framework currently applied.

### **Liquidity:**

Liquidity risks are considered to be managed effectively through cash flow monitoring and arrangements and the periods chosen for investment, to help ensure that the Council will have sufficient cash available to meet its payment obligations and deal with the resulting impact on its cash flow.

### **Interest Risk:**

Investment Returns are inevitably low. The Council has risk exposure because all of its borrowings are long-term/fixed, and inevitably its investments are shorter term, meaning that generally they are more affected or influenced by the Bank Rate. There is little that can be done to mitigate this risk at this point.

## **9. Other Issues**

### **Canal Corridor North**

The Treasury Management Strategy for 2018/19 and beyond will need to be set prior to having certainty on the scheme. Any changes needed to the Strategy during 2018/19 will be reported to Council in line with the formal reporting requirements.

### **Revised CIPFA Codes**

In December, The Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code.

A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments, such as investing in property in order to generate income for the authority at a much higher level than can be attained by treasury investments. In addition, there is a recommendation that local authorities should produce a new report to

members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments. Officers will report back to members when the implications of the new codes have been assessed as to the likely impact on the Council.

**Markets in Financial Instruments Directive (MIFID II)**

The EU set the deadline of 03 January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. This will entail increased administration for each institution dealing with this authority and for each type of investment instrument we use. The fact that a significant proportion of the Councils investment portfolio is held in simple term deposits (which are excluded from MIFIDII) will mean that this will have minimal impact on the Authority.

## Treasury Management Glossary of Terms

- **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.
- **Call account** – instant access deposit account.
- **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's, and Moody's. They analyse credit worthiness under four headings:
  - **Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
  - **Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
  - **Individual/Financial Strength Rating** – a measure of an institution's soundness on a stand-alone basis based on its structure, past performance and credit profile.
  - **Legal Support Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.

- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.  
E.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as  $8\%/1.45 = 5.5\%$ .  
See also PWLB.

- **LIBID** – The London Inter-Bank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time.
- **LIBOR** – The London Inter-Bank Offer Rate, the rate at which banks with surplus funds are offering to lend them to other banks, again published at 11am each day.
- **Liquidity** – Relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Maturity** – Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.
- **Money Market Fund (MMF)** – Type of investment where the Council purchases a share of a cash fund that makes short term deposits with a broad range of high quality counterparties. These are highly regulated in terms of average length of deposit and counterparty quality, to ensure AAA rated status.
- **Nonfarm Payroll Employment** - is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, or non-profit organization employees.
- **Policy and Strategy Documents** – documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
- **Capita Asset Services** – are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

Members may also wish to make reference to *The Councillor's Guide to Local Government Finance*.