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## East Devon Visitor Centres - Governance and Management

Executive Summary  
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**DRAFT**



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# 1. Introduction

This paper is an Executive Summary of Locum's advice on governance and management options for the two WHS Visitor Centres in Exmouth and Seaton discussed with the IPMG Core Funders' Group in September 2006.<sup>1</sup>

It is based on two earlier papers<sup>2</sup> prepared for the IPMG:

- 1 A preliminary briefing paper on the issues of the centres' governance and management written to inform a workshop with the IPMG Core Funders' Group. This paper covered issues relating to:
  - Initial guidance from Locum's feasibility studies on the two visitor centres<sup>3</sup>
  - Constitutional forms
  - Boards and Trustees
- 2 A report of the facilitation exercise summarising the discussion by the IPMG Core Funders' Group on the type of governance required and how it would relate to existing partners and community stakeholders. This paper examined issues relating to:
  - Charitable status
  - Charitable status and Trading
  - Towards a preferred organisational structure
  - Role of the funding bodies
  - Trustee representation
  - Management structures for the Jurassic Coast
  - Project Manager role
  - Timescales

<sup>1</sup> The paper was requested on behalf of the IPMG Core Funders' Group in an e-mail from Charlie Plowden, East Devon District Council, 18 September 2006.

<sup>2</sup> Locum Consulting *East Devon Visitor Centres - Governance and Management Briefing Paper for IPMG Core Funders' Group* September 2006; Locum Consulting *Note of a Meeting of the IPMG Core Funders' Group on 6th September 2006* September 2006

<sup>3</sup> Locum Consulting *Seaton Visitor Gateway Centre: Options Appraisal and Preliminary Feasibility Review* September 2005 and Locum Consulting *Exmouth Visitor Gateway Centre: Options Appraisal and Preliminary Feasibility Review* August 2005



## 2. Options

### 2.1 Options identified

Locum identified a number of options for the governance and management of the visitor centres in the two feasibility studies.<sup>4</sup>

Four potential options were identified:

- A joint venture between a commercial operator and other public organisations and investors;
- A locally based single purpose vehicle company (SPV) that brings together all the public and voluntary interests in the project;
- A WHS Jurassic Coast SPV with partners representing the partners involved in all the WHS visitor Infrastructure projects;
- A locally based SPV controlled by the Town Council and / or the Project Promotions Group.

Locum considered that a locally based company was necessary either in private / public joint venture or a public / voluntary partnership company.

If the preferred option were to be a private / public partnering arrangement, a mechanism for profit distribution would need to be achieved to provide a return on investment to the private funder(s) and operator. It would be important to identify potential investors early in the process through market testing so that they can participate fully and share influence.

If the preferred option were to be a public / voluntary partnership company, this would most likely be a Company limited by guarantee without share capital, but with the Town Council and perhaps EDDC and Devon County Council acting as guarantors.

A WHS-controlled company was considered to be unlikely as a feasible option in the foreseeable future.

The interests of public partners and voluntary 'mission' drivers will need strong protection within the legal agreements.

### 2.2 For profit or not for profit?

Market testing will indicate what level of private sector interest there might be in the different aspects of the two projects (development and operation) and how private sector

<sup>4</sup> See footnote 2



investment/management might ultimately impact on corporate structure. As the two feasibility studies made clear, the form of governance and management structure for the operational stage is likely to reflect the level of private sector interest.

Depending on the nature and extent of interest, a Memorandum of Understanding and then Heads of Agreement would be drawn up.

However, given the nature of the marketplace and the public benefit objectives/ethos of the project(s), the IPMG Core Funders' Group considered it likely that a not-for-profit, charitable trust approach will be deemed the most appropriate way forward in governance and management terms. This approach would ensure that local community and local authority interests were appropriately represented and that Board membership would reflect the strong community engagement that has characterised the projects to date. Details about Board membership and the nature of the composition of a Board are given in Locum's briefing paper.<sup>5</sup>

A not-for-profit, charitable Trust approach does not mean that the operation would not be managed in a wholly business-like way nor that private sector input would be excluded. Private sector involvement in the project might be manifested in a number of ways that might include:

- a private sector developer might provide capital funding towards the costs of the visitor centre(s) on the basis of planning gain.
- the design and build aspects of the visitor centre(s) might be undertaken by one or more developers working to an agreed brief with the building shell then leased to a Trust as operator.
- a private sector operator might be contracted by a Trust to manage the visitor centre(s) or aspects of the visitor centre(s) on a contract basis or with an agreed profit share.
- private sector business expertise might be drafted onto the Board of a charitable Trust to provide advice and guidance on operational matters.

### 2.3 The nature of a Charitable Trust

A charitable Trust (for one or both the visitor centres) might take a number of forms that include:

- The Industrial and Provident Society (IPS)
- The Charitable Trust or Charitable Unincorporated Body
- The Charitable Company Limited by Guarantee (CCLG)

<sup>5</sup> See footnote 1



- The Non-Charitable Company Limited by Guarantee (NCCLG)
- The Charitable Company Limited by Shares (CCLS)
- The Community Interest Company (CIC)
- The Charitable Incorporated Organisation (CIO)

The CCLG has been the most common form of charitable constitution for independent heritage and cultural organisations. Where planning for trading activity of this type, usual practice has been to set up a separate company limited by shares, wholly-owned by the charity, to conduct trading activities that it would be unlawful for the charity itself to conduct. The trading company then gives some or all of its profits to the charity, using the Gift Aid scheme to enable its taxable profits to be reduced or eliminated.

## 2.4 One or two SPVs?

There are a number of advantages in developing one SPV with overall responsibility for the Jurassic Coast in Devon and the development of the two visitor centres rather than the development of a separate SPV for each centre. These include:

- Avoidance of duplication of effort, reflecting the rationale for which the IPMG was established in the first instance
- The recruitment of one Chairperson and Board rather than two, recognising the difficulties of recruiting suitable individuals to fulfil the roles required
- Less cost in recruitment and process management terms
- Close alignment with the objectives of the overall Jurassic Coast programme and avoidance of fragmentation
- The opportunity to co-ordinate and strengthen Devon's overall input to the Jurassic Coast programme - including the development of the visitor centres as well as other Jurassic Coast initiatives and projects
- The opportunity to phase the development of the two visitor centres to meet the different planning and development imperatives of the two locations
- The opportunity to consider the two visitor centres from a single business operation and achieve economies of scale
- Harmonisation of fundraising programmes
- Greater weight and authority in treating with funding bodies

While the focus of the Trust's work in its early years would be on the visitor centres, further development of the Jurassic Coast in partnership with other members of the Jurassic Coast family could be phased in progressively.



### 3. Next steps

Following the IPMG Core Funders' Group discussions, Locum recommends the following steps are taken:

- The appointment of the proposed Project Manager for the two centres should be progressed.
- The Lead Consultant should be tasked with market testing the projects with the private sector and exploring what private sector interest there might be in terms of their development and operation. This initial work will establish what level and type of interest there is from the private sector interest in terms of governance and management/operation.
- The IPMG Core Funders' Group should follow the steps required to establish a Company Limited by Guarantee with Charitable Status with a supporting Trading Company. An illustrative workplan for establishing a Trust is given in Locum's paper.<sup>6</sup>

<sup>6</sup> Locum Consulting *Note of a Meeting of the IPMG Core Funders' Group on 6th September 2006* September 2006



## 4. Costings

The IPMG Core Funders' Group requested a statement of indicative costs of setting up a Company Limited by Guarantee with Charitable Status with a supporting Trading Company.

It is difficult to be exact on costings as there are a number of unknown factors at this stage. However, we have provided an indication of cost areas against the tasking list in the illustrative workplan for establishing a Trust.<sup>7</sup>

Costs for the Project Manager and Lead Consultant posts have not been identified as these appointments are in train.

These cost areas flag what tasks will require staff and elected member time and involvement, what tasks will require support from local authority service departments e.g. legal, planning and what external costs will be incurred with their implications. Grey shading represents key points in the programme.

Of particular importance is the fact that the Chair and Shadow Board will enter into negotiations with the IPMG Core Funders' Group to establish the level of development funding that members will provide. As this is a matter for negotiation in the light of further work, it is premature to try to second-guess the results of this process.

<sup>7</sup> Locum Consulting *Note of a Meeting of the IPMG Core Funders' Group on 6th September 2006* September 2006 Section 9



<b>Indicative Costings</b>				
<b>Tasks</b>	<b>Staff/member time</b>	<b>Internal I.a.service:</b>	<b>Other costs</b>	<b>Implication</b>
IPMG Core Funders' Group appoints Project Manager	n/a	n/a	Project Manager time	Ongoing until end of appointment
IPMG Core Funders' Group appoints Lead Consultant - market testing undertaken	yes	yes	Lead Consultant time and advertising costs	Ongoing until end of appointment
IPMG Core Funders' Group working with senior officers and members of DCC, EDDC and SWRDA identify prospective Chairperson	yes	yes		
IPMG Core Funders' Group working with senior officers and members of DCC, EDDC and SWRDA secure agreement of prospective Chairperson	yes	yes		
IPMG Core Funders' Group working with prospective Chair and with senior officers and members of DCC, EDDC and SWRDA identify core Shadow Board members	yes	yes		
IPMG Core Funders' Group working with prospective Chair and with senior officers and members of DCC, EDDC and SWRDA identify core Shadow Board members	yes	yes		
IPMG Core Funders' Group confirms development funding and other support e.g. staff time, legal services to prospective Chair and Shadow Board	yes	yes		Ongoing until end of agreed development period
Prospective Chair and Shadow Board members confirm they are willing to serve	yes	yes		
First meeting of Shadow Board	yes	yes	Expenses for Board members	
Shadow Board appoints prospective Chair as Chair - designate of the Trust	yes	yes		
Shadow Board appoints legal and other advisers	yes	yes	Costs of appointments	Ongoing until end of appointment
Shadow Board advertises for CEO	yes	yes	Advertisement costs	
Shadow Board commissions drafting of Trust's governing instrument		yes	Legal costs	
Second meeting of Shadow Board	yes	yes	Expenses for Board members	
Shadow Board appoints CEO designate	yes	yes	Interview costs	
Third meeting of Shadow Board	yes	yes	Expenses for Board members	
Shadow Board applies for registration as a charity/incorporation		yes	Application costs	
Shadow Board drafts heads of terms for agreements with IPMG Core Funders' Group		yes	Legal costs	
Shadow Board consults with stakeholders and potential funders	yes	yes		
Shadow Board agrees governing instrument	yes	yes		
Fourth meeting of Shadow Board	yes	yes	Expenses for Board members	
Shadow Board agrees heads of terms for agreements with IPMG Core Funders' Group	yes	yes	Legal costs	
CEO takes up appointment			Staff costs	Ongoing staff costs
CEO drafts business plan, key policies, staff structure	yes			
Fifth meeting of Shadow Board	yes	yes	Expenses for Board members	
Shadow Board arranges procurement of auditors and bankers			Appointment costs	Ongoing
Sixth meeting of Shadow Board	yes	yes	Expenses for Board members	
Trust registered and incorporated	yes		Registration and incorporation costs	
Trustees hold inaugural meeting	yes	yes	Expenses for Board members	
Trustees appoint Secretary, auditors and bankers	yes		Appointment costs	Ongoing
Trustees commission recruitment of other Board members	yes	yes	Recruitment costs	
Trustees agree Business Plan, key policies, staff structure	yes			
Other posts advertised			Advertisement costs	Ongoing staff costs





