

Scrutiny Meeting 26th July 2018

Discussion around Trusts and Mutuals

Background

- Over the past 10 years many different service and teams which were once part of a local authority have been spun out into some form of Non-profit Distributing Organisation (NPDO)
- This could be in the form of a Trust, Mutual, CIC or others
- Normally these services/ teams are from a leisure background i.e. museums, libraries, music venues, parks, leisure centres
- In Bristol the main example to date is Bristol Music Trust (our Leisure centres are also contracted out to external providers)
- However Bristol Museums also has a Development Trust supporting its work

Benefits of BMT (according to BMT, **personal view**)

Artistic Benefit:

- A charity has the freedom to set its artistic agenda and strategy independently from the pressures of politics. **Agreed we had a interesting discussion about our death exhibition**
- It can cleverly balance the commercial need for income with the investment in high quality cultural work. This investment eventually makes more money as funders and donors will only support high quality provision.
- Consequently the Bristol Music Trust now produces 65% of its work (2017/18) as opposed to 42% in 2011/12
- A charity can balance the criticism of elitism Vs populism much more cogently than a local authority which feels the need to be delivering work to the largest number of people at all times.
- A charity can draw more on a national network of specialists and charities and this can benefit across the organisation. some examples include our partnership with Serious, the Barbican and Sage, Gateshead. **Museums already have some strong partnership with National Museums etc so not sure this holds true**
- A charity can also choose to invest in high quality infrastructure (sector standard) that will benefit the whole organisation without jumping through multiple hoops – an example here would be our future investment in a new box office system. **Agree with this one, CPG recently turned down the re- contracting of our collections management system.**

Benefits of BMT (according to BMT, **personal view**)

Financial Benefit

- A charity can raise funds from a more diverse range of streams. **Yes but there is ways of accessing that funding within a local authority**
- In particular, strategic funders will never support the work of organisations within local authority control as there is no accountable body to the funders trustees and officers. This is the case with statutory funders like the Arts Council which the Trust managed to secure as a regular funder after only 3 years of being established. **Not strictly true, Arts Council invest £1.3 million a year in BCC's museums service as a NPO but is more difficult**
- Trusts and Foundations are also unlikely to fund local authorities, many of them explicitly say they will not. This is certainly the case with major Trusts and Foundations such as Paul Hamlyn Foundation, Esmee Fairbairn and others. **True**
- The Trust has been able to secure back of office functions at a much lower cost then the council overheads charge. **Often this is a big positive for Trusts**
- Individuals are unlikely to give large sums to local authority run organisations – the Trust has leveraged both substantial regular giving for revenue as well as £2.6million in capital support from private sources. **Again true**
- Corporate funders also are more likely to invest in CSR programmes with charities than with local authorities, our example is Renishaw who invest £30k annually to CSR work. **Not our experience we receive about £70K a year from corporate membership and sponsorship**

Benefits of BMT (according to BMT, **personal view**)

Social Benefit

- A charity can get involved in other related projects and develop deep strands of specialism which is difficult for a local authority. An example of this is the work the Trust is delivering for young people with special educational needs and disabilities.
- A charity can focus on talent development and excellence which is difficult for a local authority who generally have to deliver more of an 'access for all' programme.
- A charity can shout about its role and its beneficiaries more loudly as they are independent. This benefits everyone as message that the Trust believes in, of the Transformational power of music, is able to be heard without prejudice
- A charity can make difficult decisions (such as the name change away from Colston) as they have a group of independent trustees who can vote and have a voice that is not perceived to be politically motivated.

Downsides

- VAT
- Cash flow
- Pension liability
- Still requires investment from BCC medium to long term
- Loss of control of assets

Considerations

- Functions
- Motivations
- Scale

Alternative

- Stay in house with a Development Trust?

	Museums 2017/18	BMT 2017/18	Museums 2016/17	BMT 2016/17	Museums 2015/16	BMT 2015/16	Museums 2014/15	BMT 2014/15	Total Museum over 4 years	Total BMT over 4 years
ACE	1,609,889	243,750	1,609,889	293,750	1,609,889	243,730	1,609,889		6,439,556	781,230
patrons	11,250	22,205	0	62,349	0	14,874	0	3,833	11,250	103,261
membership	0	37,108	0	41,048	0	29,893	0	21,930	0	129,979
donations	163,183	28,361	122,768	33,922	96,570	24,005	77,026		459,547	86,288
Corporates	67,000	62,500	58,500	51,475	75,000	121,500	78,250	85,558	278,750	321,033
Trusts and Foundations/grants BPM	57,545	160,970	73,513	380,992	167,078	192,179	111,505	246,228	409,641	980,369
trusts and Foundations Core								21,000	0	21,000
									0	0
Totals	1,908,867	554,894	1,864,670	863,536	1,948,537	626,181	1,876,670	378,549	7,598,744	2,423,160
									0	0
Totals with out ACE Money	298,978	311,144	254,781	569,786	338,648	382,451	266,781	378,549	1,159,188	1,641,930