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THE GREAT SPORTING FARCE

THE MONEY-MAKERS

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ROYALTY THEATRE
LONDON



DAVID ALLEN & SON
LONDON



Income Generation

Support in making decisions about generating income from commercial activities

Second Edition

June 2019

This guidance was produced for The National Archives by Activist Group.

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Section 1



Introduction

1.1 Introduction to this guidance

The National Archives have produced this guidance to support archives in making decisions about generating income from commercial activities. The guidance is aimed at all types of archive and should be relevant to those in the HE, charitable and public sector, as well as some business archives.

It provides an overview of the main issues, an outline of different income-generating options and a series of tools to assist in planning, as well as links to other guidance and reading which provide more detail.

1.2 What we mean by 'income generation'

'Income generation' is often talked about in quite generic, broad-brush, terms. This guidance focuses on generating income through commercial trading of goods and services and licensing content to third parties. As such it is different from other sources of income which are likely to be part of an archive's overall funding model, depending on the type of organisation they are, including:

- **Income from voluntary fundraising, including grants from trusts and foundations including the Lottery and Arts Council, individual giving and sponsorship.**
- **Income from Statutory Funders - for those archives in receipt of core funding for the provision of archive services, and as places of deposit for public records.**

If you're talking to your colleagues about 'income generation', or a senior manager or trustee has asked what you're doing to generate more income, be sure you're clear you have the same understanding of what sources of income are in scope.

This guidance focuses on the most common activities through which archives are generating commercial income, though the list is not exhaustive.

- **In-house digitisation/conservation**
- **Licensing and publishing**
- **Events**
- **Online/onsite retail**
- **Catering**
- **Filming in the search room**
- **Storage rental**
- **Premium research services**
- **Records management (including public records)**
- **Public sector 'commissioning'**
- **Other consultancy services**

You may be conscious that particular solutions to generating more income are being cited as 'silver bullets' or 'quick wins'. This guidance also aims to help you deter a rush to solutions by providing a logical process for assessing the right options for you - and a way to articulate the likely return on investment, and manage expectations. It is unlikely that many archive services will be able to generate more than 20% of revenue income from commercially generated sources.

1.3 Case Studies

We have included a series of short case studies covering different aspects of the process of developing a commercial strategy and a variety of income generating activities. These provide a short overview

of the archive's experience of the benefits and challenges in each area. If you want more detail you can use the contact details provided to speak to them directly.

To navigate straight to the case study, click on the titles.

Page	Title	Organisation
29	Creating a market niche for film and media archives	The Media Archive Central England (MACE)
35	Finding the right commercial partner	Churchill Archives Centre
38	Reaching a global academic market	Shakespeare's Globe Archive
39	Sheffield's challenge	Sheffield City Archives
40	Understanding the strategic contribution of conservation	West Yorkshire Archive Service
48	Making sense of all your options	Essex Record Office
49	Benchmarking your fees and charges	Staffordshire and Stoke-on-Trent Archives
50	Developing a local market for digitisation services	University of Nottingham
56	Building a consultancy service based on your strengths	Tyne and Wear Archive and Museums (TWAM)
57	Working with business - the first resort	History of Advertising Trust
58	Building a sustainable catering offer	Black Cultural Archives

1.4 How to use the guidance

This guidance provides a general summary of the main issues involved in making decisions about generating income from commercial activities. Because all archives will be starting from a different point, and dealing with a wide spectrum of challenges, we provide an overview of the main options which will be relevant to different services; some in-depth examples; and a series of tools to help you plan your decision-making and delivery.

The guidance is written to provide an overview of a complex subject and you can use it in three different ways:

- **Skimming the overview of each section of the guidance.**
- **Diving into greater detail on specific issues.**

■ Reading it in depth.

We also provide checklists for managers to use as a tool during planning and delivery and in discussion with colleagues, as well as suggestions for further reading and existing good practice and guidance.

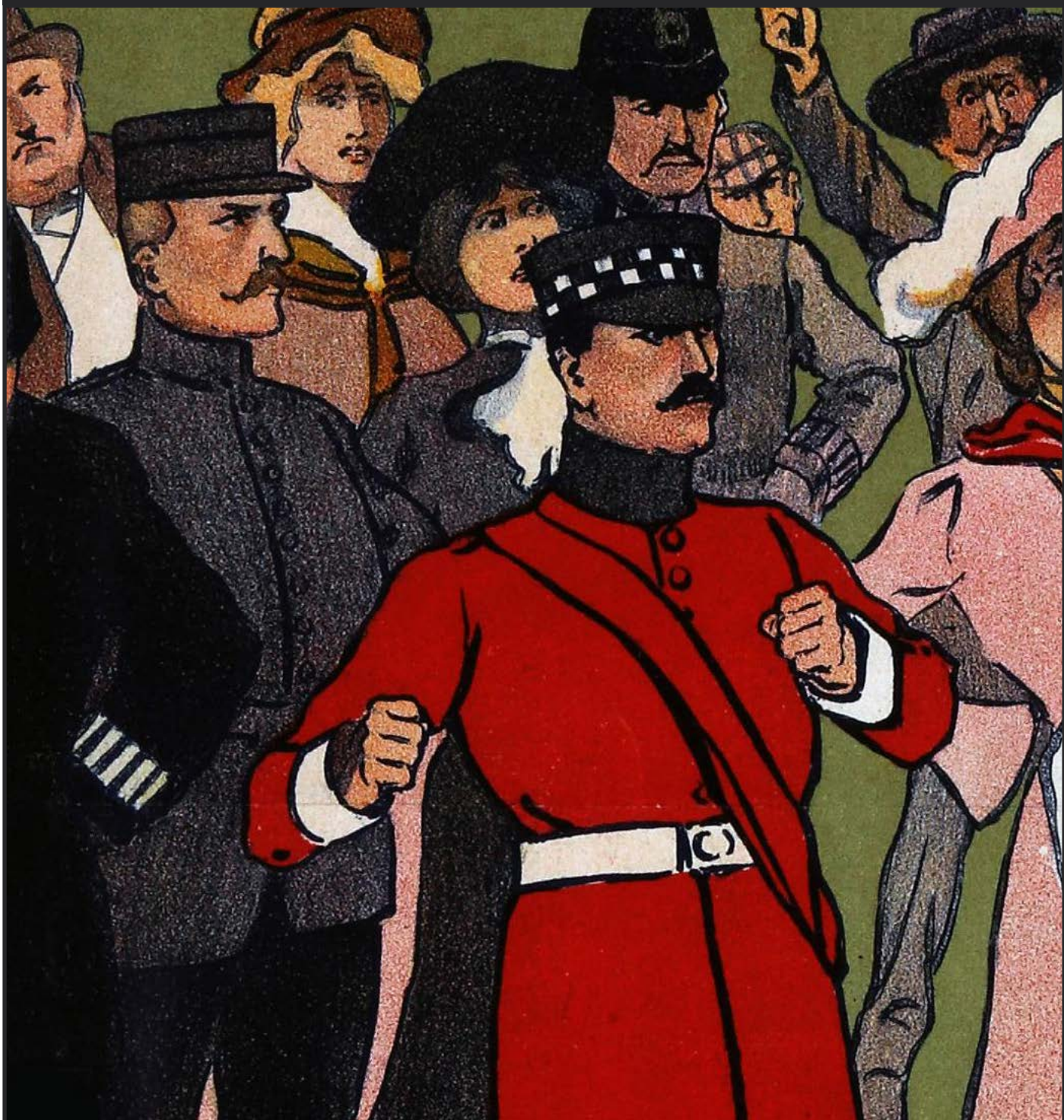
This guidance is not designed to provide comprehensive answers to all the questions you will need to ask, and should not be relied on as the sole basis for making decisions. You should take specialist financial and legal advice, particularly about entering into contracts and in order to understand your own responsibilities.

1.5 How the guidance was developed

The guidance was developed with assistance from archivists from a wide range of different types of archives, with a broad spectrum of experience of commercial income generation - from trailblazers to beginners. The guidance was designed and drafted by Activist Group, who are specialists in commissioning and sourcing in the public sector and income generation in the culture and heritage sectors. The Activist team also

interviewed stakeholders from a wide range of organisations. The contributors to the guidance are acknowledged in Appendix 1. The 2nd edition of the guide includes updates to existing case studies, as well as new ones to reflect a broader range of income generation sources and types of archive, and also updates advice on various technical and legal issues.

Section 2



Assessing your readiness

2.1 The building blocks of a funding strategy

Overview

Income from commercial activities can become a source of revenue which helps make your archive more sustainable. It can subsidise services which might otherwise have to be curtailed, and can give you more freedom to make choices about where you invest your resources for the benefit of your collections and your users in the future.

But like any source of funding it comes with its own risks and challenges, and takes time and significant costs to develop. It's not a quick win or a stand-alone solution. Your commercial income strategy needs to be grounded in your wider funding strategy, encompassing all income, in the context of your business model and in support of your organisation's mission.

2.2 What you need to know to get started

Like fundraising, significant costs will be incurred in generating commercial income, and it takes time which must not be underestimated. So it's particularly important to understand how commercial income generation will fit into your broader funding strategy.

If you're under pressure to make savings, is it realistic to expect new income streams to fill the gap within the timescale of the cuts you may be having to make?

It's unlikely that any one commercial activity will significantly alter the balance of your funding model, so you may be looking at developing more than one activity and building up incrementally as you gain experience.

Example

A county record office with a turnover of £700,000 has an income generation target from commercial trading of £86,000 generated through several different income streams.

In this section we set out to help you to:

- Develop a clear sense of your starting point. Where are you now? What is your vision for the future? What's coming down the road which might affect your plans?
- Understand where income generation fits within your overall funding strategy.
- Analyse your costs and understand how to think about making a reasonable return on investment or a profit, and the broader 'contribution' to your organisation.
- Look at the skills and capabilities within your organisation and think what you might need to develop further.

Why income generation now?

Most of the sources of income generation we discuss in this guidance are not new. Many archives have been doing them with more or less success, and rigour, for years if not decades.

What is new is the wider funding environment for archives. Whether your archive is a local authority record office, in a university or a charity, you're probably feeling the squeeze of austerity in public funding or greater competition for grants and donations, or both. And the options open to potential users, particularly online, mean competition to attract visitors keeps getting tougher.

So, whether you're seeking to take control of your own destiny, or needing to respond to threats to your current funding, increasing or broadening your income from commercial sources may make sense. If the money you generate stays within your service it will give you more flexibility – what is known in charities as 'unrestricted income' - and this will be a big advantage.

Identifying the right mix between different types of income requires an understanding and analysis of the costs involved in generating income; the market potential; and likely profit margin to be made. Equally, you need to consider any risks involved in the different

income-generating activities.

Keeping your vision and mission in mind

It's also worth remembering that although you may be trying to become more entrepreneurial and commercially-minded, you need to keep your overall mission and values in mind. This could mean that, although a commercial activity doesn't make a significant difference to your bottom line, for example some limited merchandising or catering, or discounting space hire for priority groups, there are non-commercial benefits from the activity. Conversely, some activities may not be consistent with your mission, or be inappropriate for your existing users and customers.

It may be that for some archives, investing in further fundraising capacity will still represent a better option, given the balance of costs involved, risks and likely return. But only you will be able to decide that, having assessed your options with your colleagues and partners.

2.3 Your strategic planning cycle

Developing a commercial strategy needs to be integrated within your wider funding strategy and planning cycle. It could be helpful to look at this in the context of a typical planning cycle of four phases which you might use within your organisation. While you might start the process of planning income generation at any point during the year, you need to think about how to engage your colleagues and senior managers in the process and at what point you might need to think about asking for resources and support for research, planning or investment.

A generic planning cycle which you might be familiar with uses a four stage cyclical process:

- **Stage 1 - Analyse**
- **Stage 2 - Plan**
- **Stage 3 - Do**
- **Stage 4 - Review**

This can be the basis for planning all your income-generating activities and we have included one version of this at Section 5.

It's also helpful to begin to think of the process as one of continuous business development in your service, which analyses future prospects for growth and helps you decide where to focus your efforts.

2.4 Thinking about your cost base

If you are going to be able to make informed decisions about what income-generating activities are right for your organisation, you have to understand why your service costs what it does, i.e. your cost drivers. When you do look more closely, you can be surprised at what you discover. Certain types of activity - or a small number of users - might be consuming far more of your resources than you thought - suggesting you have productive capacity which could be better used. Or you might also have underestimated how much you should (or could) be charging for a service.

Once you have a fair idea of your cost drivers, you will be in a better position to explore whether you are making a proper return on your expenditure. It is essential to know, for example, whether:

- **Your fees and charges are sufficient to cover your costs.**
- **The effort you need to put into generating income would more than cover the costs involved.**

It is often the case that when fees and charges are set, the only costs taken into account are direct staff costs. Instead, the total costs of an activity could be charged; by the time the total costs of the service are added on, the true cost might be double that currently charged.

Of course, your organisation might choose not to charge the full cost for particular reasons, for example in order to attract certain audiences. There might also be other reasons why the service might choose to charge at a different level, such as the opportunity to share services with another partner.

Crudely, there are two key concepts to be aware of when trying to work out whether your income is covering the costs involved in doing the work:

Key concept - full cost recovery: the total cost of the service is charged, including all the costs - both 'above' the line and 'below' the line (i.e. both your budget and your overheads).

Key concept - marginal cost recovery: the cost of providing additional services not including the fixed costs that have, in effect, already been paid for, such as IT or property.

Full cost recovery might be unrealistic if the total cost of the service includes very high corporate recharges (which are sometimes not all that accurate). However, if the archive service is providing a more commercial service to an external customer (e.g. managing a company's archives), full cost recovery will probably be more appropriate.

2.5 Understanding your costs to set the right price: activity-based costing

There are various ways of working out what's driving your costs, but one approach that your accountants will be familiar with is 'activity based costing' which has been in vogue for many years, but is seldom done very well, usually because the way it's been done has been over-complicated.

The basic idea is that you work out how you're spending your money: how much does each bit of your service cost and is that the right balance? It's best to keep it very simple. In the end, it's an attempt to work out roughly what you're spending time on; how much it really costs; and how that balance might have to change.

This means working out what the total cost of your service is – include your overheads, but don't get too pedantic in the way you allocate them – and then work out how your colleagues in the service are spending their time. Finally, divide the total cost by how they're spending their time.

At its simplest, you could work it out from what you know. Alternatively, it might be better to involve your colleagues in estimating how they spend their time. If you want to get more sophisticated, ask each colleague to keep a record.

Think about the types of activity you might want to include, such as:

- Internal meetings
- Management
- Storage
- Conservation
- Supporting enquiries: academic, family history, etc
- School visits
- Community engagement
- Adult learning
- Fundraising
- Building networks and supporters

Norfolk County Record Office wanted to review the charges it was making for storage in its strong room. It undertook some detailed 'activity-based costing' to establish the cost of storing each box. This involved a number of key processes. You can see their detailed workings for this example at Appendix 2.

Step 1 – data gathering.

Step 2 – identifying activities.

Step 3 – allocating costs.

Step 4 – calculating cost of activity.

2.6 Simple activity-based costing – checklist:

- ❑ Identify the types of activity your colleagues spend their time on.
- ❑ Create a spreadsheet to show the results, including your total costs and income.
- ❑ Either collect or estimate the allocation of time for each colleague.
- ❑ Identify the proportion of each staff member's costs against these activities.
- ❑ Spread your recharges and overheads approximately over those activities.
- ❑ Allocate your income against each of the activities.
- ❑ Review the net results and the balance of your budget spent on each activity.
- ❑ Consider what you can no longer afford to do at all (or as much of).
- ❑ Consider how you could release resources to help generate new funding.

2.7 Understanding the return on your investment

One of the key concepts which your organisation needs to understand in assessing the right income-generating options for you is the likely 'return on investment'. Where you have been operating as a non-commercial service with core funding from public or voluntary sources, with a mission for public benefit or a charitable purpose, you may not have needed to calculate the true cost of delivering a service before.

But if the choice is between a number of income-generating options, or stopping

a service, you want to calculate the best return on investment which means you must understand the true cost of your service against the actual income it will generate.

You might additionally want to consider non-monetary benefits of providing additional services, for example where they improve your overall visitor experience; generate new customers; or specifically deliver part of your mission. But you need to be clear how such services will be sustainable in the long term.

2.8 What can I charge for?

Private archives have considerable freedom to sell their services and engage in trading, but charities, universities and local authorities are covered by particular rules:

- The law relating to charging and trading for local authority functions can be complex, so you'll need to check with your lawyers that your charging plans are based on the authority's legislative powers.
- Local authorities can charge for some services but care must be exercised to work out which statutory powers ¹ an authority is using when it seeks to impose a charge.
- Where there is no express power to charge but the authority has a discretion to deliver a service, local authorities may decide to charge for the delivery of that service but only on a cost recovery basis and only where there is no statutory duty to deliver those services to an individual ². When you've worked out the full cost of a particular service, you may find that you have the potential to charge more than you expected.
- There are a few specific statutory provisions which expressly permit local authorities to trade for profit ³, but apart from these instances, if local authorities wish to make a profit from selling their services they must, as a pre-requisite, set up a trading company. This may seem a big hurdle, but you may find that your

council already has a trading vehicle that you can make use of.

- Charities and universities can make profits on trading only where the commercial activity is in support of its primary purpose as a charity, or it falls below the small trading tax exemption.
- In other cases charities and universities normally establish a subsidiary trading company which can covenant any profits to its parent charity without incurring corporation tax.

Corporate policies on fees and charges

You may find that your organisation already has a corporate policy on fees and charges and there may be a lead accountant responsible who will help you to decide the right level of charges. Of course, you will need to consider the extent to which charging for your services interferes with your organisation's commitment to open data or with its social policies or commitments to free access. On the other hand, if the service's survival is at stake, those policies may need to be reviewed. While local authority archive services, in particular, are under a duty to provide free access to public records, this does not mean that they are under an obligation to provide free research.

You will also want to consider market sensitivity to price changes, and how this compares to other similar archives. Below we suggest some ways you can look at benchmarking against other providers, and one important

¹ Some statutes will set out in clear and definitive terms precisely whether, and if so what, local authorities can charge for a given service (known as a statutory code).

² Section 93 of the Local Government Act 2003 and section 3 of the Localism Act 2011

³ One example is the Local Authorities (Goods and Services) Act 1970 which allows for trading for certain purposes by and between local authorities and other 'designated' public bodies.

consideration to take into account will be the 'going rate' for your type of archive.

Issues for HE Archives

In the case of HE archives, 'full cost recovery' for services to students is unlikely to be seen as reasonable as students will believe that they have contributed to the archives' core costs through their fees. However, university archives do need to make judgements about 'fair' levels of charging for wider library services – this will also need to include any charges for self-service photography which is increasingly replacing photocopying.

Charges to non-students could reasonably be set at more commercial rates although if trading for profit, this may need to be undertaken through the university's trading subsidiary. The nature of this activity and the VAT implications will need to be considered carefully before deciding whether it is worth attempting to trade for profit.

HE archives may also need to balance the potential benefit of charging external archive users with their strategy for delivering impact in HE frameworks.

2.9 Clarifying what you don't charge for

Reading room access

Certain types of records should be made freely accessible – including Public Records, council records and manorial documents. Furthermore, free access arrangements may have been agreed with specific depositors or funders. Applying selective charges to reading room access could be complex and time consuming, and not practical to implement for financial or operational reasons.

Access to public records at Places of Deposit (PODs)

Places of Deposit (PODs) for public records are appointed by the Secretary of State in agreement with their parent authority to hold specific classes under s.4(1) of the Public Records Act (1958). The most typical reasons

for such an appointment are that the records are of strong local interest and are best made available within the context of a local archive service, or that the records are retained by their creating institution as the most appropriate location for their preservation and interpretation by the public.

Access arrangements for public records at PODs must be comparable with those at The National Archives, under section 5.5 of the [Public Records Act \(1958\)](#); therefore, charging for consultation of records is currently not possible. Likewise, charging for ordering public records in advance, or for ordering more than a fixed number of records, is not permissible.

Alongside broader legislation such as the Freedom of Information Act, General Data

Protection Regulation, and Environmental Information Regulations, there are also a number of more specific pieces of legislation ensuring free, onsite access to records. For example, the [Local Government \(Records\) Act 1962](#) and [Local Government Act \(1972\)](#) set out requirements for archive service provision and access to records, and local authorities are responsible for ensuring proper arrangements are in place to meet these requirements. Regulations concerning access to manorial records, tithe records, and hospital and care home records may also be relevant.

Existing deposit agreements

Services also need to consider the deposit status of other records in their care before charging for access. For example, owners of collections on deposit may object to users being charged for access to their records. New depositors may be put off depositing their collection with a service that charges for access, and existing depositors or their descendants may even choose to withdraw material, especially if charging is felt to be contrary to the letter or to the spirit of the original terms of deposit.

Other funding agreements

You will also need to take into account any funding agreements you have entered into which might stipulate a fixed or continuing period of free access, for example from the Heritage Lottery Fund, charitable foundations or individual donors.

Charging for access for other records

Aside from classes of records for which legal or other reasons preclude onsite access charges, you may be considering adopting charges for other types of records without such restrictions, or for types of remote access. Before doing so you will need to assess a range of issues and risks. These include:

- **Consulting users and stakeholders on a charging regime**
- **Archive Accreditation best practice guidelines**
- **Potential reputational damage with users**
- **The cost of staff time in judging whether charges apply to each document request – is it worth it?**

2.10 What should I charge for as an archive?

As well as the generic corporate and legal framework for selling services, you may be asked to consider examining all options for charging for access to your collections and services. There will be some specific issues to address relating to archives and some of the main examples are considered below.

Depositors

Charging depositors for storage and the care of records is a complex process, and it is unlikely that a flat rate system will prove to be a practical approach.

Furthermore, imposing retrospective charges on existing depositors may break deposit agreements or alienate depositors and risk removal of their records. However, it should be possible to negotiate agreements at the point of deposit, tailored to suit the nature of the depositor and their financial resources. Agreements could include an annual fee or donation; charges for specific tasks such as boxing or cataloguing; a sponsorship agreement; or fundraising partnership. The archive could also negotiate the assignment of intellectual property rights and copyright, so that the archive can keep income from digitisation or the exploitation of the materials.

Transferring records to PODs

Whereas PODs have legal responsibilities for care and access of records of public bodies under the Public Records Act, activities which are the responsibility of the transferring body may be subject to a charge by the POD. These comprise appraisal and selection, sensitivity review, listing and physical preparation of records. There may be a significant market opportunity in offering such services to public bodies which are unable or choose

not to carry out these activities themselves. However, to maintain good relationships with public bodies and avoid putting records at risk, you should approach potential charges in negotiation with public bodies, explaining the legal responsibilities of each partner. If you have traditionally carried out these tasks without charge for a particular body, you may want to consider proposing a phased introduction of charges. For more information see [TNA's Guidance on transferring records to PODs](#) and Case study in Section 5 from Tyne and Wear Archives.

Re-use of public sector information

Public sector bodies will need to ensure that any action they take to licence the re-use of their information complies with the Re-use of Public Sector Information Regulations 2015 (S.I. 2015/1415). They should also note that Government policy remains that, wherever possible, public sector information should be made available for re-use under Open Government Licence terms without a charge. Where this is not possible, the Regulations set out a framework for information re-use and lay down standards and requirements. They include a requirement that accessible information must be made available for re-use (most public sector bodies) or can be made available (libraries, university libraries, archives and museums), and the Regulations set out what activities can be charged for. The Regulations:

- Define public sector bodies and re-use.
- Set out various exclusions from the Regulations.
- Establish how requests for re-use must be made and how public sector bodies

must deal with them.

- Say what conditions, terms and charges apply, and regulate exclusive arrangements.
- List what information must be published.
- Make arrangements for complaints procedures and enforcement.

Public sector bodies are expected to have a clear understanding of their own public task to be able to apply the Regulations correctly. Detailed guidance on how to comply with the Regulations and on defining public task is available from The National Archives website.

Filming

Many archives will have some opportunity to earn income from production companies filming in their buildings or search room, although unless you are based in a heritage building, it may be difficult to build a significant pro-active income stream from this. You can get a reasonable idea of the usual scale

of location filming charges from company websites (for example www.filmoffice.co.uk); about £500-£1000 per day for educational/documentary is common, and significantly more is possible for dramas and feature films. Some councils and large organisations may have teams to deal with film and TV companies and existing scales of charges in place so it's worth checking with your colleagues or peers.

It may also be worth aligning image reproduction fees for use by production companies to comparable scales used by dedicated film archives, such as the [British Film Institute and regional film archives](#). Many museums have also published scales of charges.

You could also consider registering with film location agencies, as it may lead to bookings for film or TV work, although bear in mind that fitting a film crew in with normal operations may be disruptive and costly in terms of staff time.

2.11 Having a culture for commerce

As well as corporate or regulatory rules governing how non-commercial organisations sell services, equally important will be the culture in which you operate and the skills you have to draw on. You may be familiar already with conducting a skills analysis among your team or for your board of trustees. If you're embarking on more commercial income generation this is an important step.

Commercial income generation will require a culture of entrepreneurialism, and seeing your services from the perspective of potential customers. But additionally you will need skills in marketing and finance, as well as skills

specific to activities like retail, catering and event management. You may be able to work in partnership with other organisations to share skills, or sub-contract to specialist suppliers.

You may have skills or experience among staff, volunteers and trustees of which you weren't aware, or can tap such skills among colleagues in other parts of your organisation if you're in a local authority, university or larger museum, for example. You should also analyse the culture, policies and processes within your organisation to understand what might support income generation or what might be a barrier to success.

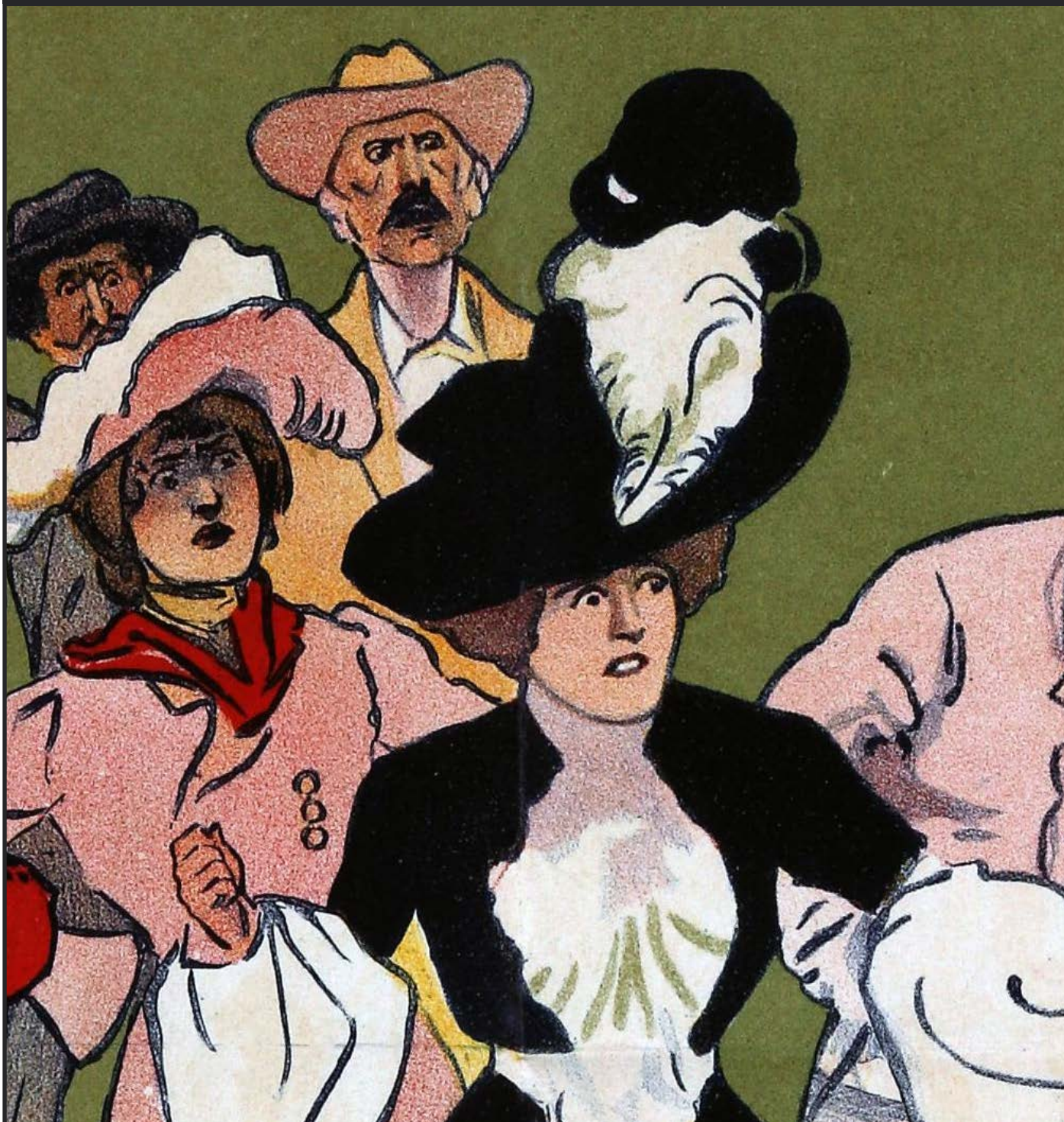
Checklist: assessing your readiness

- Do you have a shared understanding about the drivers for income generation?
- Are you clear what type(s) of income generation are under consideration?
- Have you accounted for any limits which public access to information places on options for income generation?
- Have you developed a holistic funding strategy including fundraising?
- Will you be able to generate the income in the timeframe your strategy requires?
- Do you understand the costs involved in generating income currently and potential new sources?
- Have you calculated what a reasonable return on investment would be?
- Do you understand your skills gaps and have a strategy for filling them and developing an entrepreneurial culture?

Further reading

- LGA, *Enterprising councils - [Getting the most from trading and charging](#) (2012)*
- HMRC & The Charity Commission, *[Charities and Trading](#)*
- Activist Group, *['Financial Planning'](#) (TNA 'Fundraising for Archives' Toolkit)*
- The National Archives, *[Re-using public sector information](#)*
- The National Archives, *[Transferring Records to Places of Deposit](#)*

Section 3



Understanding your
options

3.1 Overview

Most archives have many different assets from which they are or could be generating income. But because of the costs involved, and often the time it will take to generate the income, it's crucial to analyse your opportunities in detail

and think about the specific challenges which your archive will face. There is a cost involved in each option so you need to choose where to focus your effort. You can't do everything at once or you will end up failing.

3.2 Mapping your assets

You need to start by asking which of your assets has most value to potential customers. Typically, you might break down your assets between:

- **The content of your collections.**
- **The skills and knowledge of your staff and volunteers.**
- **Your buildings and spaces.**

You also need to consider what level of control you have over your assets and

whether relationships with other parts of your organisation or with depositors may influence how you assess the income generation potential of your assets.

You also need to consider whether any income you derive from your services will return to your archive service. You may not want to divert productive fundraising capacity towards commercial income generation if the revenue can't be invested in the future of your service, particularly if you're in a charity or university.

3.3 Developing a market position

Whatever the strength of your assets, you then need to understand them within the context of the market for those services, and engage in some research to establish what the market opportunity might be, and develop a clear market position.

Some of your services will be very specific to archives, and your collections in particular;

others may exploit similar skills or technology in different organisations, or be very generic to any building-based organisation. Given the competition, could you add further value to what's on offer elsewhere? What is your USP that will make you stand out from the crowd?

3.4 Exploring collaboration

A clear understanding of your position within the market will quickly lead you to the question of whether you should be doing it on your own. Collaboration offers a wide range of benefits whether through working with commercial partners, in consortia of archives or with academic or heritage

institutions. You can share the costs and risks, pool skills and experience and focus on your individual strengths. For archives with only one or two staff members, collaboration will be an essential tool. Many of the case studies presented in this guide offer different collaborative models to explore.

3.5 Setting realistic expectations

When assessing all your options you need to set realistic expectations for when you might see a return on your investment and how significant the return might be. You should particularly think about the lead-in times and speed to market for each one – essentially how long it takes to get each idea off the ground. Depending on whether your strategy is driven more by short-term cost savings or long-term strategy, you will want to consider the balance between what you can do immediately, and

what you and your colleagues expect to mature later on.

You will also have to set realistic expectations about your profitability, depending on the size and assets of your archive, and your customer base. It may not be possible for smaller archives, at least working alone, to match the reach or productivity of larger institutions in services like digitisation or provision of research.

3.6 Other issues to consider

Tax issues and VAT

Tax issues are complex and a potential minefield. You will need to be clear about which commercial activities should be subject to VAT and which are exempt. You will also need to be clear about the potential for corporation tax to be payable on any profits. HMRC provides information on the types of

goods and services that are subject to VAT and on the specific tax rules applying to charities. However, to ensure that you are not getting yourself or your organisation into trouble, you must take advice on the tax details from your accountants as your specific tax accounting arrangements will vary from organisation to organisation.

Commercial operations in a non-commercial environment

You may have a great product with realistic ambitions about the return on investment, but operating a commercial activity within an organisation whose mission, structure and processes are designed for public services or charitable purposes can be challenging. Marketing your services through a council or university website might be a leap for your potential customers and very few have the in-house skills or systems to compete with the commercial or even wider heritage and leisure sectors. Crucially, you need to have access to appropriate online sales and payments systems to make the customer experience and accounting processes run smoothly.

Contract negotiation and procurement

Depending on the type of organisation you sit in, you may have to work within strict rules for procuring services and negotiating contracts. If your organisation has a procurement team or specialist, you need to engage with them early on to understand how these rules will affect your potential options and how any partnerships may operate.

Intellectual Property (IP)

Archives managers will be familiar with considering issues of IP and copyright over their collections. When considering commercial activities using collections, working with

depositors and copyright holders will be important. The National Archives has produced guidance to help archives adopt a risk-based approach to issues including Orphans to enable you to manage acceptable levels of risk while conforming to regulatory rules.

GDPR

The new data protection laws (Data Protection Act 2018) which came into force in May 2018, implemented the EU regulations known as GDPR (General Data Protection Regulation). The law gives people greater rights to know how their personal data is being used. While there is provision for archiving personal data in the public interest, archives using personal data for commercial activities will need to ensure they also meet the relevant legal provisions of the Act. You may want to refer to your organisation's Data Protection Officer for their advice.

Skills

Specialist skills are often required in taking products successfully to a commercial market. While it's tempting to think you can become an expert on everything, realistically, you need to focus on your core services, having a strong approach to developing your evidence base to support your strategy and decision-making, and work with partners or commercial suppliers to enhance your skills, particularly for technology.

Checklist: understanding your options

- Have you made an assessment of all your assets to determine your best prospects for income generation?
- Have you conducted market research to assess the potential for each option?
- Have you considered the main challenges for your archive in delivering each option?
- Have you engaged with your staff and stakeholders, partners and peers to research good practice and what the pitfalls might be?

Case study 1 – Creating a niche in film and media archives

Organisation

MACE is the regional film and video archive for the East and West Midlands, based at the University of Lincoln since 2011, and is a registered charity with 7.5 FTE staff. It cares for over 70,000 moving images of the Midlands. MACE also provides help and access for people that are looking for film, and for those needing advice on how to care for moving images.

Summary

MACE has to balance its mission as a public service with the need to generate income without core public funding. A price card is used as a starting point for negotiating sales on a case-by-case basis with customers and hourly rates are charged for the use of MACE equipment. 1 FTE deals solely with sales, and another 1 FTE handles finance and marketing. A lot of work takes place to handle rights – MACE will negotiate sets of permissions and understandings with rights holders before taking a new product to market.

Scope

MACE receive a grant of c. £60,000 from the BFI each year and are very grateful for the ongoing support and goodwill of the University of Lincoln, and aim to make themselves an indispensable asset to them. They recognise the changes required in the balance of funding they work from, aiming to earn an ambitious 50% of what is needed to run the service, working out in the region of £150,000 a year. The team don't have money to run new projects unless they generate an income.

What's unique

MACE sell moving picture and video clips to a variety of different markets. This can range from archive DVDs of TV footage for

private individuals to selling short pieces to TV companies for much larger negotiated fees. DVD publishing of items from the MACE collections contributes a steady income of around £5,000 a year from primarily museum audiences. MACE have cultivated strong working relationships with serious researchers and offer detailed research support to teams working on longer-term TV projects, building on the team's strength and knowledge of their collections. Several of the MACE team have had their job descriptions amended to respond to the change in emphasis now required to operate commercially.

Results

MACE now generates more income than it receives in grants from the BFI. There is a clear market for moving images, and despite the levels of competition they face from highly organised commercial players – such as Getty, British Pathe and ITN Source – MACE have carved themselves a niche within the market, in spite of being comparatively small in size. A new website with improved search engine optimisation and clearer signposting has resulted in a four-fold increase in enquiries. They are currently reviewing their pricing policy based on recent market research.

Key learning point

Claire Watson, Director of MACE, says 'Income generation impacts workflows across the archive and any related activity must be supported by well-developed procedures and processes that ensure timely delivery for the client.'

For further information

Claire Watson, Director, MACE, Email: cwatson@lincoln.ac.uk / www.macearchive.org

3.7 Overview of commercial income generation sources

Activity	Benefits	Risks / Challenges	Examples
Licensing digital images to commercial publishers.	<ul style="list-style-type: none"> ❑ Improving access by bringing remote users worldwide to your records. ❑ Saving on preservation and scanning costs internally. ❑ Returning valuable royalty income. ❑ Generating reasonable profit margin. ❑ Can re-sell rights after end of exclusivity period. 	<ul style="list-style-type: none"> ❑ Takes time to realise income. ❑ Need to understand risk-based approach to IPR. ❑ Be aware of your options - don't get caught into contracts in perpetuity. ❑ Archive retains IPR in image but not metadata 	<p>Shakespeare's Globe Archive</p> <p>Churchill Archives Centre</p>
Events using an archive's key assets or working with partners, which generate income through ticketing and associated sales.	<ul style="list-style-type: none"> ❑ Focusing on strengths of an archive, including collections, buildings and staff skills and knowledge. ❑ Working in partnership with others. ❑ Potentially leading to fundraising opportunities. 	<ul style="list-style-type: none"> ❑ Conduct Audience research - understand the willingness of different groups to pay for events. ❑ Marketing challenge - how to reach the right people. 	<p>Explore York Library and Archive</p> <p>Gloucestershire Archives</p>

Retail of goods and merchandising either on site or online.	<ul style="list-style-type: none"> <input type="checkbox"/> Enhancing visitor experience. <input type="checkbox"/> Attracting new visitors. <input type="checkbox"/> Utilising spare space. 	<ul style="list-style-type: none"> <input type="checkbox"/> Generates low profit margins. <input type="checkbox"/> Needs stock management and turnover. <input type="checkbox"/> Establish processes for buying and stock control. <input type="checkbox"/> Requires skills in merchandising, marketing and display. <input type="checkbox"/> Uses a lot of space. <input type="checkbox"/> Difficult without electronic payment and sales. <input type="checkbox"/> Understand VAT etc. 	<u>Explore York Library and Archive</u>
Filming in the archive and search room.	<ul style="list-style-type: none"> <input type="checkbox"/> Generating good return on investment. <input type="checkbox"/> Raising profile and generating publicity. 	<ul style="list-style-type: none"> <input type="checkbox"/> Hidden staff costs of supervision. <input type="checkbox"/> Disruption to normal services. 	<u>Tyne and Wear Archive and Museums</u>

<p>Provision of catering service as part of core offer (not just events).</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Can add significant value to visitor experience. <input type="checkbox"/> Generating reasonable profit margin with right offer. <input type="checkbox"/> Engaging new audiences beyond core archive users. 	<ul style="list-style-type: none"> <input type="checkbox"/> Profit margins can be low without well-planned and -executed offer. <input type="checkbox"/> Market research. <input type="checkbox"/> Resistance among core users to expensive service. <input type="checkbox"/> High street competition. <input type="checkbox"/> Requires up-front investment. <input type="checkbox"/> Needs facilities and equipment management and maintenance. <input type="checkbox"/> High level of regulation, health and safety. 	<p>Black Cultural Archives</p>
<p>Providing storage to other organisations on a commercial basis.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Utilising spare storage capacity. <input type="checkbox"/> Involving flexible terms. 	<ul style="list-style-type: none"> <input type="checkbox"/> Terms for additional services including retrieval or records management. 	<p>Wolverhampton City Archives</p>

<p>Premium research services which include historical research, writing, curation and advice either for individuals or archive-holding organisations and companies.</p>	<ul style="list-style-type: none"> ❑ Potentially generating a significant contribution to staff time and overheads. ❑ High value for archival and consultancy skills. ❑ Potential for developing long-term projects and partnerships. ❑ Staying close to 'core' skills. 	<ul style="list-style-type: none"> ❑ Challenge of developing targeted marketing. ❑ Set costs and pricing correctly. 	<p>History of Advertising Trust</p>
<p>Records management, including public records.</p>	<ul style="list-style-type: none"> ❑ Utilising core archive skills. ❑ Bringing contribution back into support services. ❑ Potential market in public, voluntary and private sectors. ❑ Developing additional services. 	<ul style="list-style-type: none"> ❑ To forecast a reasonable ROI considering overheads. ❑ Management of customer expectations. ❑ Project management. 	<p>Sheffield City Archives</p>

Provision of consultancy services for publicly funded education, learning, community engagement and other services through a commercial contract – ‘commissioning’.

- ❑ Using key skills among staff.
- ❑ Developing partnerships.
- ❑ Positioning your archive locally.
- ❑ Understanding local procurement and funding structures.

- ❑ Requires very high investment of time to develop opportunities.
- ❑ Size of contracts can be very small for investment of time.
- ❑ Structures of commissioning and consortia-building are complex.

[The National Archives Guidance on Commissioning](#)

Case study 2 – Finding the right commercial partner

Organisation

The Churchill Archives Centre (CAC) was built in 1973, within the grounds of Churchill College, Cambridge, to house Sir Winston Churchill's papers, and has grown to include the papers of other prominent UK politicians, public figures and scientists. It includes air-conditioned reading rooms, a strong room, and a sophisticated conservation laboratory. The mission of the Centre is to preserve and provide access to the unique materials in its care. It sees itself as a self-funding part of Churchill College, funded by endowments, philanthropy and new income generation streams.

Summary

Whilst they do not face the same pressures as local government in terms of funding, CAC's costs have grown as the size of its collection and staff numbers have expanded. A mature fundraising strategy including endowments and philanthropy and grants is combined with overtly commercial income. In one case, CAC until recently looked after the archive of another organisation on a temporary basis in return for an annual payment. However, CAC's most significant collection are the Churchill papers, microfilmed and digitised in commercial agreement with Bloomsbury, who sell the complete edition to other research libraries and universities. CAC gets preservation and access copies, and a royalty income stream (through the Trust which owns the papers on behalf of the Nation).

Scope

The Churchill collection is one of the centre's key assets for exploitation, but the collection's intellectual property rights are not straightforward, and involve the Churchill Estate and Crown Copyright. Once CAC established the overall rights within the collection, they identified what they could exploit and within what parameters, before deciding a strategy for marketing them. Whilst image capture and storage costs have on the whole reduced, thanks

to technological advances, there are significant costs involved in administering a copyright clearance process - something for colleagues to be aware of.

What's unique

CAC couldn't afford to digitise the Churchill collection themselves, so they went out to tender to find a commercial publishing partner. The partner had to accept responsibility for rights clearance, though CAC had to police this. CAC chose to work with Bloomsbury, a flexible and imaginative publisher who demonstrated to them the potential for how the papers could be exploited in different ways in the form of an online offer, learning modules and a comprehensive catalogue. In addition to this, CAC works closely with donors supporting the centre, forming strong mutual relationships that have resulted in a network of annual payments that contribute towards funding its work.

Results

As it looks to the future, the Centre sees more potential for developing income streams based on digital sales, such as photographic sales and its World War two collection. CAC is digitising more of its key albums and exploring a partnership with a literary agent to sell these through a dedicated website. CAC's partnership with Bloomsbury helps them significantly with marketing their Churchill offer to prospective buyers.

Key learning point

Allen Packwood, Director of the Centre, says: 'In order to generate commercial income, you need to be working with a commercial partner, offering you significant expertise. You can do things to earn small change - but to work commercially - you must think bigger.'

For further information

Allen Packwood, Director, Churchill Archives Centre: <https://www.chu.cam.ac.uk/archives/>

3.8 Licensing for archives – top tips from The National Archives

The National Archives has developed a structured approach to exploiting its collections which includes direct delivery of projects which require close collection management, through to licensing to partners in the commercial and HE sectors. Here The National Archives sets out some of the main benefits and risks associated with this approach and suggests some key steps to follow.

What are the drivers for the licensing approach?

Licensing represents a new online industry for the UK. It is estimated as a total market of almost £100m revenue per year, and the market for genealogy research continues to grow.

The scale of the challenge is to digitise over 175km of shelving and 11 million catalogue entries. Costs are much lower in the private sector where companies also have greater expertise in areas like marketing.

What's in it for each partner?

Commercial partners for the genealogical market want name- and place-rich resources which are most marketable and have local or regional relevance, especially mapping. Academic publishers will be interested in collections which have significant appeal to scholars and which may benefit from new

technologies in textual analysis and big data.

The archive secures non-exclusive contracts that are simple to manage and ensure revenue-sharing. It can also be relatively quick to delivery and simple to run multiple projects simultaneously.

How does licensing work?

Licensing is governed by contract not copyright law, usually involving fixed term agreements (10 years), with a mixture of Royalty income or fixed fees (standard rates are 7-18+%).

Importantly, the owner retains IP in the images – the commercial partner secures IP in the transcription and metadata.

Commercial partners will require useful information about the records, including the number of images, formats, and any handling issues. They will need guidelines on optimal data fields for capture and search. They will also need to understand any key marketing messages and be interested in cross-marketing/cross-searching opportunities.

Archives also need to offer individual supplier sessions with material and collection experts, and allow suppliers time to analyse and prepare a bid, with an opportunity to discuss and refine bids during assessment phase.

3.9 Issues to consider

Skills and capacities within your team or brought in from external specialists need to enable the following functions and processes:

- A Licensing professional to negotiate licences and co-ordinate scanning/beta testing/user queries/onsite provision.
- An overall strategy which enables departments (document production, facilities, records knowledge, IT, collection care, marketing/press) to prioritise licensed projects.
- The capability to manage contract and rights issues and understanding whether a licensing agreement is conducted under contract or copyright law.
- Staff identified with Marketing and press responsibility with remit to co-operate with commercial partners.
- Understanding periods of exclusivity and when you can re-sell rights to a competitor provider.

3.10 A model to share benefits

Licensing offers a model in which both archives and licensees benefit and add value for your customers:

- Companies improve their product range and consumer choice.
- Archives gain investment in preservation, access and income.
- Both parties encourage user contributions and interactivity.
- Both parties agree co-branding/marketing, and share press and media coverage.
- Provides free onsite provision, a free showroom and expert product demos
- Offers potential to build consortia for disseminated collections (for example assizes) – allowing a simpler user experience and greater bargaining strength.

Further reading

- TNA, [Licensing guidance – how to get a good contract with a commercial partner](#)
- TNA, [GDPR guidance for archiving personal data](#)

Case study 3 – Reaching a global academic market

Organisation

Shakespeare's Globe Archive

Summary

Shakespeare's Globe were looking for unique opportunities to generate income. For a relatively young organisation they have an incredibly rich archive drawing on over 20 years of productions and the history of the project to create the Globe itself. They tested the market between different publishers and embarked on a 10-year licensing agreement with Adam Matthew in 2016, partly due to feedback on the quality of their service from other archives.

Scope

Victoria Lane, Library and Archive Manager, relates the process of negotiating the agreement and points out some of the key challenges and risks archives need to consider. The publisher provided a generic contract which the archive was able to edit to make sure its scope suited their needs and responsibilities. 'We found them very receptive to the changes we requested', recalls Victoria.

These included ensuring inclusion of copies of the material in JPEG and TIF formats, and having free access to the digitised material on-site. As a contemporary archive Shakespeare's Globe also needed to ensure that data protection requirements were adequately catered for including redacting material. Victoria also underlines that 'the publishers outsource the digitisation to a third party, so you need to specify or approve which company is used to make sure you're getting the right level of service'.

What's unique

As the first major performing arts archive

to go down the licensing route, Victoria reflects that Shakespeare's Globe perhaps have a greater risk appetite than some in the subsidised arts sector. 'You need to be aware of the consequences of a period of exclusivity, as your assets will be tied up for the period of the licence agreement and it limits what you can develop digitally in that time-frame.'

'Assess what materials in your collection are suitable for a licensing agreement - our archive of films of productions are covered by separate rights agreements with performing artists and creatives, which made them too expensive to include.'

Results

As well as understanding the likely return on the royalties from sales of subscriptions, Victoria points out the need to factor in the cost of staff time in delivering the project, depending on the state of your collections. As their archive wasn't fully catalogued, this was considerable - amounting to about 50% of one FTE post over two years. They are now three years into the contract and beginning to reap the rewards of their investment in time.

Key learning point

'Be realistic about the number of sales the contract will generate, but think about some of the wider preservation benefits of the project to your archive.'

For further information

Victoria Lane, Library and Archive Manager,
Email: Victoria.L@shakespearesglobe.com /

<https://www.amdigital.co.uk/primary-sources/shakespeares-globe-archive>

Case study 4 – Sheffield's challenge

Organisation

Sheffield City Archives (SCA), Records Management and Local Studies Library

Summary

SCA's income generation challenge is reducing the gap between annual spend and the budget received from the local authority. Almost 100% of their funding is from the council, but this is reducing in line with wider reductions, whilst demand continues to increase.

Scope

SCA's main income lines are reprographics, the use of its reading rooms and (contracted out) research service. Its online image library works well, with customers buying prints, handled by a third party who take a royalty per sale. The service just about covers its costs of c. £7,500. SCA are developing a new fundraising framework, ensuring that fundraising does not get in the way of providing archiving services and guidance. The Records Management Service generates a significant surplus (£45k) though this is used to offset budget pressures in other parts of the Library service rather than invest in the Archives and Heritage Group. There is the potential to offer the service to customers outside of the Council to generate 'real' income.

What's unique

SCA's Picture Sheffield service is popular, with over 40,000 visitors per year. Adding a 'donate' button to the website has generated a trickle of additional income, but there is recognition that customers need to be offered something very specific and targeted such as seeing specific items added to the site when donation targets are reached. Selling through the council website has been problematic, with the advertisement of council services jarring with the presentation of a welcoming SCA retail offer. The team is developing a commercial brochure of images for licensing. SCA are exploring the use of

eBay to sell reproduction prints, though are facing challenges from colleagues to get PayPal seen as a secure payment mechanism. Importantly, SCA have made the decision not to sell surplus books or resources, due to the reputational risk associated with this.

Results

SCA are proud of the costings template they use for assessing the investment required to launch a new idea. There is the recognition that you need to invest to launch a new venture. The legal advice SCA acquired may be useful in the long run to a number of other LAs, as the limits of the Localism Act and financial regulations may inhibit what is viable for council-run archive services to exploit commercially. VAT has also been a consideration - both UK and overseas income have been generated by SCA, but not without complications. SCA have had the support of legal and finance teams, and are now much better advised when it comes to handling income.

Key learning point

Pete Evans, Archives and Heritage Manager says: 'As a sector, we do tend to work in isolation. Libraries aren't particularly retail-focused environments - people don't often come here solely to spend money - so whilst some income generation ideas may look good on the surface, on the reality do they actually deliver a profit? It is very difficult to move from a public servant approach to the idea of selling commercially. We need to think more about how we place our products - should we be marketing high-end top class specialities - or cheap quick win items?'

For further information

Pete Evans, Archives and Heritage Manager,
Email: Pete.Evans@sheffield.gov.uk /
<https://www.sheffield.gov.uk/home/libraries-archives/access-archives-local-studies-library.html>

Case study 5 – Understanding the strategic contribution of conservation

Organisation

West Yorkshire Archive Service

Summary

West Yorkshire Archive Service has seen its conservation business change over recent years. They are realistic about the ability to generate a net profit on some of the work involved, but it makes a significant contribution to their work in several areas, and they see opportunities for future expansion.

Scope

West Yorkshire Archive Service's Conservation service drives a lot of what is marketed, although it isn't the biggest income stream in the organisation. It supports its other money-makers, which include digitisation royalties, reprographics and records management. Work on collections for external clients - things like cleaning, repair and packaging of items - has declined over recent years as budgets have shrunk. Much work is project-based and often generated through grants. There is also emergency repair and rescue work. Their local presence and outreach work generates some business from members of the public and local organisations like schools and clubs.

What's unique

One major caveat is the investment of time needed. It's difficult to generate a profit at real cost for the service, particularly as the market value of individual items may be low. They are contracted to a local university to provide conservation services for a collection. Shirley Jones, Head of Conservation, says, 'You need to know

how to prioritise time against resources'. Project work gets people focused on conservation treatments and introduces new conservators, whereas people are less willing to pay for routine maintenance as the returns are not immediately visible.

Results

They are planning to overcome capacity issues which currently limit the expansion of their conservation work. For example, when they move into a new building this year environmental monitoring and storage advice using telemetric data loggers will be possible, and they are developing a business case for investing in this. Bespoke packaging is another opportunity, as well as delivering training and talks, where they get a lot of approaches and can build a good reputation. Shirley says 'We know there is a demand for it. The commercial model already exists. This could lead to more collections work. For instance, preservation advice - interpretation of data - is good use of our expertise and can help clients. This could lead to further products being offered.'

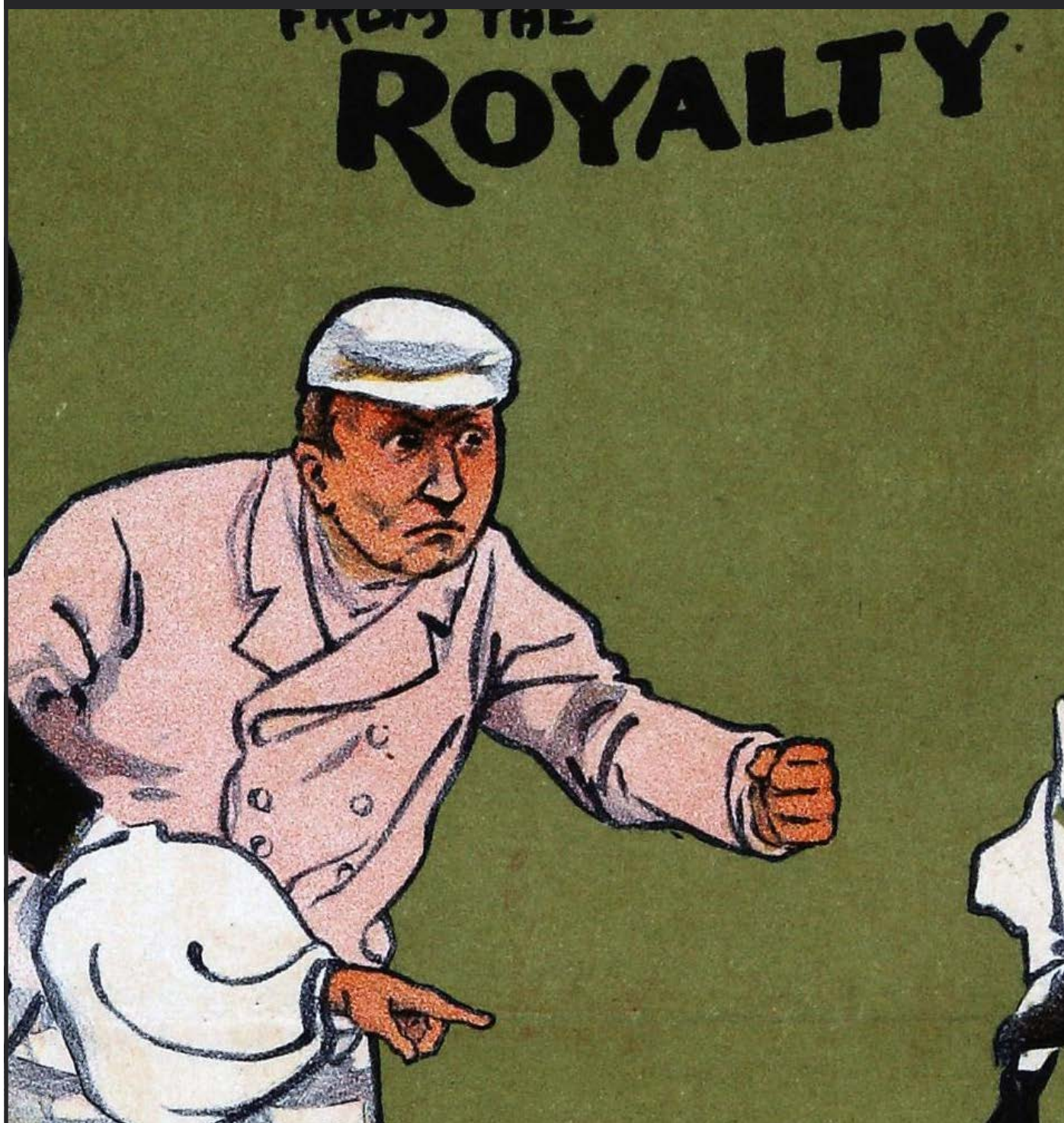
Key learning points

Shirley says that 'External work is good to challenge your standards and keep them high - understanding customer expectations and requirements, justifying what you do and what it costs. It's a real advantage when it comes to maintaining Archives Accreditation.'

For further information

Shirley Jones, Head of Conservation, Email: Shirley.Jones@wyjs.org.uk / www.archives.wyjs.org.uk/archives-conservation.asp

Section 4



Making the case

4.1 Overview

Once you have researched the options under consideration you will probably need to go through some kind of formal approval process with your senior managers or governance board, be it charity trustees, Committee members or elected members.

You will also need to provide information and data to help inform those decisions and be ready to justify your recommendations and priorities. In this section, we look at the key steps in conducting an option appraisal and developing a business case for your preferred option.

4.2 Making the choice: option appraisal

Given all the challenges and risks associated with the different income-generating activities outlined in the previous section, an option appraisal process enables your organisation to make a considered judgement on the right approach for the future, allowing a review of all the many choices on offer; an assessment of the evidence for and against each of the choices; and a choice to be made based on a transparent comparison. However, the process of conducting an option appraisal will need to be carefully designed. In this section we examine three key steps:

- **Deciding on the scope of the appraisal.**
- **Defining the appraisal process.**
- **Setting the evaluation criteria.**

We also provide a checklist of issues to test in the option appraisal.

Being clear about the scope of the appraisal

First, you will need to decide on the scope of the appraisal. Most option appraisals will also evaluate other potential options, including an 'as-is' option. You may also want

to include an option which invests resources in fundraising as opposed to commercial income generation.

Defining the appraisal process

Second, the appraisal process will need to be established. Who will be involved in the option appraisal: will trustees or Elected Members be asked to endorse the evaluation criteria; will the public be involved or other stakeholders; what level of evidence will be acceptable; and who will conduct the appraisal?

Setting the evaluation criteria

Third, a set of evaluation criteria will need to be established with which to assess each of the options. These will be determined by your previous assessment of your funding drivers and financial strategy.

The evaluation criteria might be formed from the following ingredients:

- **Market potential.**
- **Speed to market.**
- **Any up-front investment required to establish begin new activities.**

- Confidence level of meeting income generation target.
- Regulatory, legal and tax implications.
- The potential impacts and risks associated with each option.
- Skills and capabilities to deliver.

The criteria will then need to be weighted, reflecting your organisation's priorities. Once all three steps are in place, the option appraisal can be undertaken. This will require:

- **Long-listing and short-listing the options.** In the work of the project on market analysis and service design, the principal options will have emerged.

- Clarifying the assumptions used to support the evaluation of each option.
- Confirming the preferred option. It is possible that one option emerges as the preferred solution, although other options or permutations may need to be considered and researched further before a final choice is made.

Key to an effective decision-making process is making sure that the assumptions in the cost-benefit analysis are realistic. The assumptions for and against each option need to be tested and validated. A single assumption that is overly optimistic or pessimistic could skew the appraisal unfairly, with lasting consequences.

4.3 Checklist of areas to test in option appraisal

- ❑ Opportunities for innovation: have other options been properly explored?
- ❑ The potential for income generation: how realistic are the estimates; have similar levels been achieved elsewhere; what investment is needed to make it possible; and what resources and skills are needed?
- ❑ The cost of procurement and contracting: have the costs been included of preparing for any procurement process and seeing it through to conclusion and finalising the contracts?
- ❑ Overall project costs: do you have the in-house skills and resources needed, and if not, have external costs, including consultancy and legal support, been included?
- ❑ Opportunity costs: do income projections take a realistic account of the time required to set up new activities or attract customers?
- ❑ Policy constraints: have the assumptions made about the acceptability of different options been properly tested with politicians, trustees or other stakeholders?
- ❑ Costs of optimism: have the costs and benefits of each option been properly challenged? Has enthusiasm for one option led to bias influencing the assumptions behind the others?
- ❑ Assessing impact: are any of the options likely to have a particularly adverse impact on members of the community and can these be mitigated?

The temptation is to try to achieve a level of detail in the option appraisals that is definitive, anticipating every eventuality and predicting future costs and benefits with complete certainty. This is, of course, an unrealistic expectation. Instead, an option appraisal requires balanced judgements

based on reasonable assumptions. However, this does not mean that a project is ready to proceed following the option appraisal - all the assumptions need to be refined and tested further and captured in a realistic business case.

4.4 Planning: the business case

Once the option appraisal has been undertaken, the business case can begin to be prepared. The business case is a formal document that is used to confirm whether a project is worth pursuing.

Generally, an outline business case will be developed following the option appraisal, setting out the costs and benefits of the preferred option and the assumptions behind them. These will then be researched and tested further until a full business case can be developed which will enable the organisation to make its final decision on whether to proceed. The level of detail involved will vary depending on your resources and on the complexity and potential financial impact of the project.

The principles underlying a business case are that:

- The project fits with the strategy of the organisation.
- That it represents good value for money.
- That it is commercially viable.
- That it is affordable within the organisation's resources.
- That the organisation has the management capability to deliver it.

If the project has been delivered effectively so far, much of the evidence and material needed to develop the business case will already have been created or will be in the process of being developed during your initial research and option appraisal.

A business case is not a business plan

The business case will help your organisation to decide whether or not to proceed with your preferred commercial option. It will include a set of financial assumptions. The business case is an evaluation tool. It is not the same as the business plan for the project.

4.5 Benchmarking your costs and pricing

Because the archive sector is very diverse and charging for services has developed from quite a non-commercial starting point, there is often a very broad spectrum of charging for the same type of service. For instance, in one benchmarking exercise looking at storage charges, an archive discovered that archives were charging between £2.15 and £637.00 per cubic metre, and averaging £155.51 per cubic metre.

Benchmarking can therefore be a crucial tool in developing a realistic plan for increasing income and generating support for your proposal. You should consider where you sit within the market and the sensitivity of your customers to price changes. In the case study below, Staffordshire Record Office was

careful to compare prices among similar local authority archive services, and compare these to a small number of different types of archive.

Benchmarking your costs may be more challenging as sharing sensitive information is inherently difficult, and it's often difficult to compare staffing or other 'below the line' costs which may have a significant effect on the true cost of providing a service.

However, many archives are now collaborating in a range of partnerships to improve services, reduce costs and form consortia for bidding for contracts, and this may be an opportunity to share information on a confidential basis.

4.6 Being able to counter unrealistic proposals

Archive managers will be familiar with scenarios where it's suggested by a Finance Committee or charity trustee that tough savings or income targets be met through extending charging, or income generated through image sales, or hiring out a gallery space for receptions. This can be most challenging in times of new leadership where relationships have yet to be established. If you haven't had the opportunity to explain to new stakeholders the work of the archive, or people haven't engaged before, how can you counter unrealistic proposals?

Analysis of your service is crucial: separating out emotional arguments from evidence about what works. You need facts to support your argument, rather than being defensive about your collections or the way things have been

done in the past. You'll need to find out:

- Is the proposal backed up by data and evidence?
- Are there examples from elsewhere that people have tried or succeeded with?
- What would be the key success factors in making the idea successful?
- Have the costs and time in generating a return been fully appreciated?

You can be confident in arguing that it will be difficult for any archive service to generate more than 20% of its revenue budget from commercially-driven income, and it will require exploitation of a number of smaller revenue streams to reach your target.

Checklist - making the decision

- | | |
|---|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Have you established the scope, process and evaluation criteria for your option appraisal? <input type="checkbox"/> Are you confident that the assumptions in the appraisal are realistic, within reasonable margins for error? | <ul style="list-style-type: none"> <input type="checkbox"/> Have you evaluated your chosen option through a business case? <input type="checkbox"/> Have you considered the views of all stakeholders and users in making your decision? <input type="checkbox"/> Do you know how to prioritise your sales efforts? |
|---|--|

Further guidance on developing a business case:

- The National Archives, 'In A Spin', 3rd Edition (Forthcoming 2019)
- HM Treasury, [Guide to developing the project business case \(2018\)](#)

Case study 6 – Making sense of all your options

Organisation

Essex Record Office (ERO).

Summary

The ERO responded to reductions in core funding by setting an aspiration to double its proportion of external income to two thirds of its revenue budget. Since launching, the financial challenges in local government have certainly not reduced and the ERO is learning how to build on the success it has generated.

Scope

The ERO's original strategy analysed all their activities and completed an initial appraisal which identified nine workstreams with potential to increase income. They selected a blend of options which could generate most income quickly and could be started soonest, alongside others which involved capital investment or staff time to generate a return. Since the original two-year business plan, the ERO is now focused on further developing those income streams which have seen the most growth.

What's unique

A more commercial outlook has fed into a recent organisational redesign. A Customer Service Team has been created which focusses the roles of frontline staff on customer service for commercial activities as well as more traditional Searchroom duties. The ERO has moved towards doing fewer things better. In doing this it intends to focus on the services where the knowledge, skills or equipment within the record office can provide added value or something unique to the customer.

Results

The ERO's income levels have increased

significantly, but with that comes increased expectations of what might be achieved in the future. For some workstreams the expected income levels have been reached, but it took longer to build than was originally planned.

The ERO has taken on the storage of registration service registers and the issuing of certificates. It has been a big task, but the ERO has been able to develop and refine an online service which works efficiently for staff and is satisfying for customers. Going through this process and learning from it has given ERO staff the confidence to begin developing additional online services.

Venue hire and certificate copies have been generating significant income. Digitisation services (for both images and sound/video) have been very successful, and further development of its online subscription service is expected to provide another boost. In many ways ERO has been able to benefit from past investment and will need to continue to make the case that investment is required even when budgets are tight.

Key learning point

Martin Astell underlines two related points: 'Be realistic about timescales – it can take time to build up the business. But it's also true that the archive sector can have a tendency towards modesty, but we should not undervalue the knowledge, expertise, skills and levels of service the sector can offer.'

For further information

Martin Astell, Essex Record Office Manager,
Email: martin.astell@essex.gov.uk / www.essexrecordoffice.co.uk

Case study 7 – Benchmarking your fees and charges

Organisation

Staffordshire and Stoke on Trent Joint Archive Service

Summary

Like all local authority archives, Staffordshire is under constant pressure to operate on reducing budgets. Joanna Terry, Head of Archives and Heritage, with her colleagues, has been benchmarking their fees and charges against peers in the sector for a decade to drive improvement in performance and increase income.

Scope

Staffordshire updates its benchmarking data every year, looking at about a dozen similar archive services, across all fees and charges. Because they are a jointly funded service by County and City - which review and set their charges, it's really important to have this data to compile their annual review which recommends changes.

The management team involves front line staff who assess whether the market will take it and what the effect will be. Staffordshire's current income generation target is about 10% of its total budget.

What's unique

Having a detailed knowledge of comparable service's charges over time arms you to justify yourself to decision-makers. It's also vital in helping staff understand that

this income makes up the budget for the service, and that time incurred on supporting users needs to be accounted for, or will result in reductions elsewhere.

Joanna says 'Our staff come up with really good ideas, for example one archive assistant realised we were missing an opportunity to charge for the search time for baptism certificates, and worked out the charging regime based on the costs involved and our benchmarking data.'

Results

One example of the results is the restructuring of photography charges by time rather than per image, based on frontline feedback.

Key learning point

'Think of the customer. Some people's fees and charges look really complicated. When we revised and simplified ours we got more orders in.'

'Involve your staff - at the end of the day they have to deal with any negative reaction to charges, and if they've not been involved in setting charges they may feel uncomfortable about administering them.'

For further information

www.staffordshire.gov.uk/Heritage-and-archives/homepage.aspx

Case study 8 – Developing the local market for heritage digitisation services

Organisation

University of Nottingham Manuscripts and Special Collections

Summary

Since 2016 the archive has been providing digitisation services to a wide range of local organisations including museums, theatres and churches, as well as internally within the University and is looking to develop the business further in the future.

Scope

The project began when Mark Dorrington developed a funding strategy for Manuscripts and Special Collections, which identified that valuable digitisation equipment which they'd built up through HLF-funded projects was under-utilised because a highly skilled Digitisation Officer was only employed part time.

With a small internal innovation grant Mark employed a heritage consultant to conduct research and establish a cost model, an Excel-based workflow, and marketing materials to set the service up. As Mark recalls, we were conscious that smaller heritage organisations in the region had digitisation needs but didn't have the equipment or expertise.

It was decided early on not to include a commercial conservation service unless conservation work is required to prepare the material for digitisation. Mark comments that 'It's quite a fine art estimating the cost and timetabling the work. Our cost modelling initially came out higher than we thought reasonable so we adjusted it. One thing we have discovered is

that there is often quite a long lead-in time, particularly if customers then have to find the resources or funding.'

What's unique

'Remember you're competing with the commercial market. Make sure it looks like a professional service in your marketing so people have the confidence in you that you're going to be handling their material in a professional way. But also have confidence in the fact that archive standards and Accreditation set you in a better position than a commercial digitisation bureau without the same standards. It's a USP to emphasise.'

Results

The service has an income target of £6000 a year and hopes to expand when capacity issues allow. It has picked up some corporate customers and individuals as well as heritage organisations.

As well as being an income generator it's raised the archive's profile within the University and with other heritage bodies who see us as a centre of expertise. The service has also been taken up internally in the University by people with their own digitisation projects and needs to support research applications.

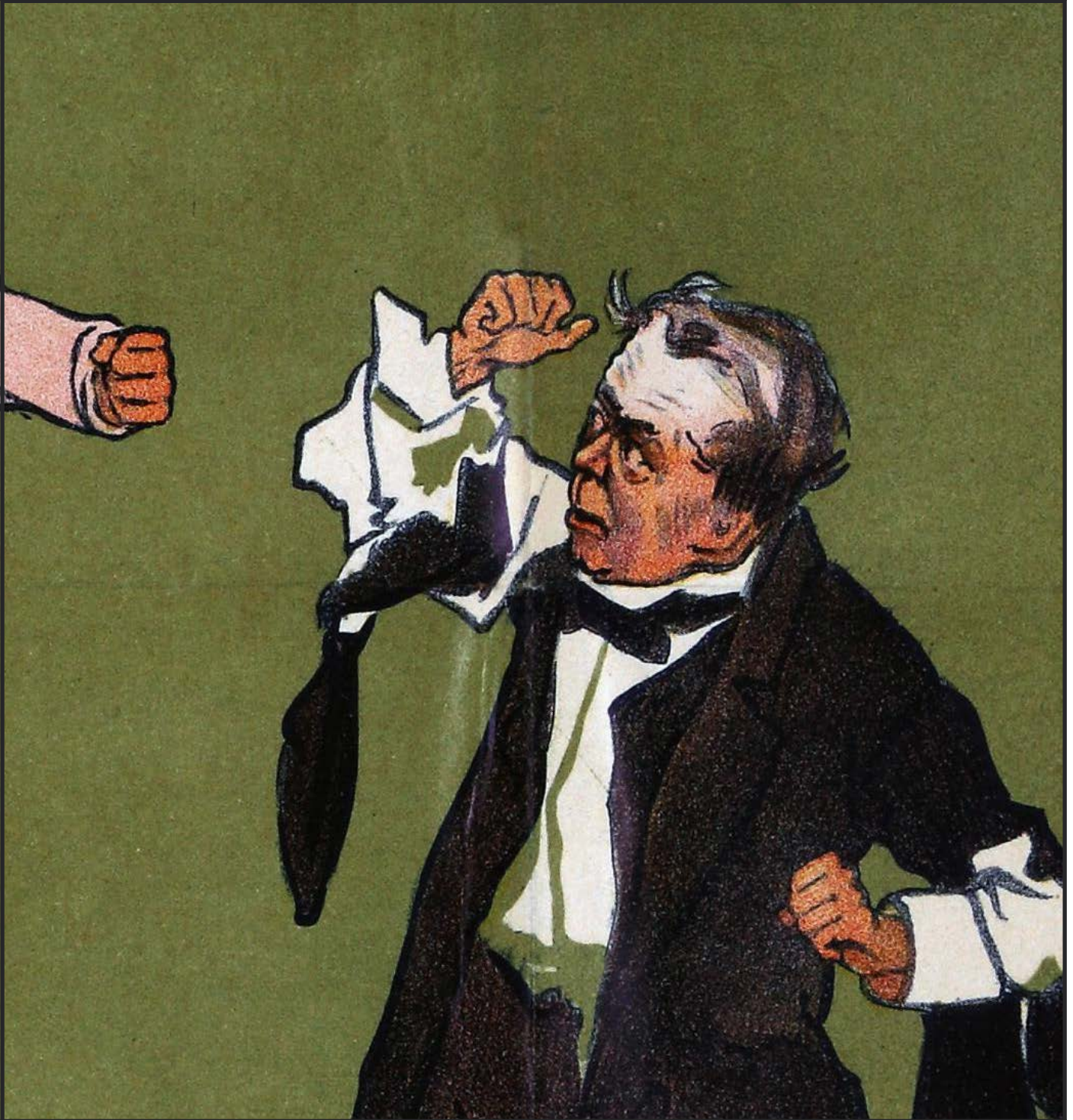
Key learning point

'The thing is to make sure that it's worthwhile to do - that you're actually making money from it.'

For further information

Mark Dorrington [University of Nottingham Heritage Digitisation Service](#)

Section 5



Delivering your plan

5.1 Overview of the key steps

Whether you're using a business plan for your activity or not, having a clear process for planning its delivery will enable you and your colleagues and partners to track progress and report. If you've carried out an option appraisal and developed a business case, much of this

information will already be at hand. You also need to think about the disciplines required for continuous business development, marketing and focusing your resources between sales opportunities.

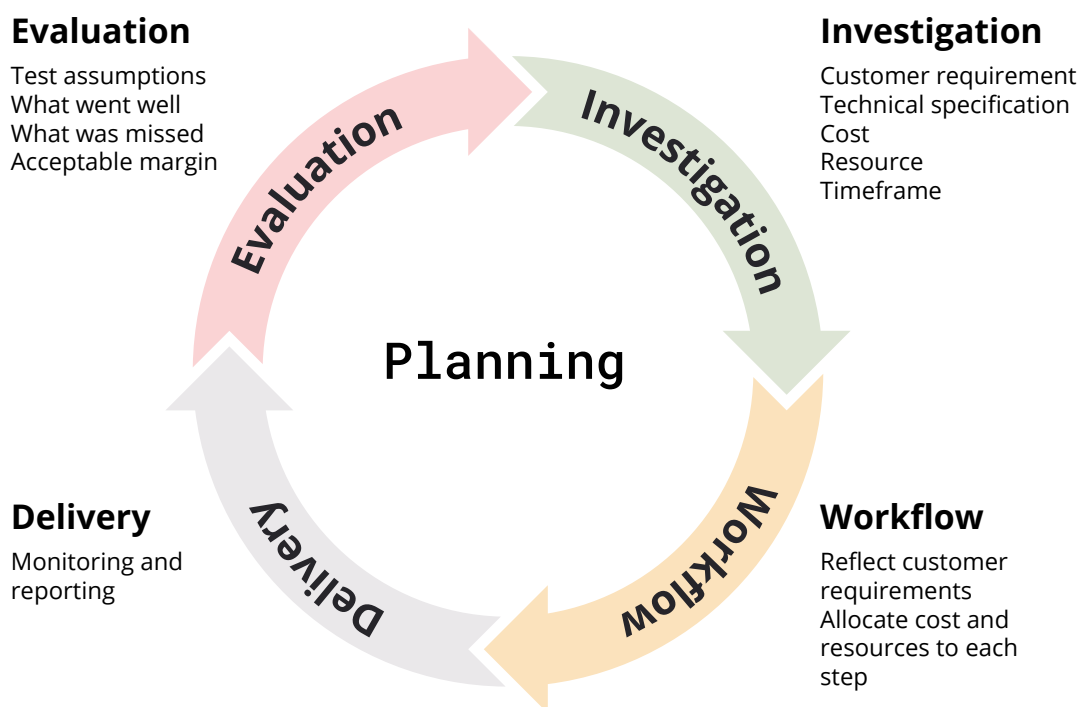
5.2 Developing a business plan

You may already have an organisational business plan, particularly if you're a separate charity or part of a larger heritage organisation. But if you're embarking on significant new income generation activities it is worth considering whether your current systems are robust enough to support your delivery, monitoring and accountability for them.

A large commercial project may require its own business plan, in which case you need

to consider the time and skills necessary to prepare one. If you don't have these capabilities in your team, can other colleagues in your organisation help, or would you need outside expertise to help you develop one, and if so would the cost of this be affordable?

One approach is to use a four-stage cyclical framework for planning and delivering the activity as set out below.



5.3 Business development

Underpinning your new income generation strategy needs to be continuous process of business development, which will focus your analysis of future opportunities and help you calibrate your resources and efforts to those with most potential for growth. To get started on a project, a workflow needs to be established that is efficient and can be costed, which then needs to be reviewed as part of the evaluation cycle. It may be that inefficient processes are adding costs which make an

uncompetitive offer, which leads to limited success. In many cases, you won't get it right first time around so you and your organisation need to be prepared to go around the loop a couple of times to achieve your goals. This can take time and you need to be prepared and accept that you'll make mistakes along the way. Learn from these and don't get put off by them – incorporating those lessons is key to developing your business and long term success.

5.4 Marketing

A key component of this will be your marketing strategy. You should consider that for many customers now, their first, and possibly only experience of your organisation will be through your website or other digital presence, for example buying products or signing up to attend an event. How you organise and present your offer is therefore a crucial consideration. You may want to research how other cultural organisations, like museums and galleries, or commercial operators, market online.

If you're an archive within a large organisation like a local authority or university which

doesn't sell services commercially or compete in markets like leisure and culture, you may already have identified that you need your own capacity for marketing, particularly in the digital sphere and with social media. Many local authority services are already using their own websites and collaborating with others to attract customers. You also need to think about what marketing disciplines will be most useful to you in reaching and communicating with your customers.

5.5 How to choose between different sales opportunities

If you've established a sales strategy that involves selling services to other organisations, you'll do some marketing. But marketing is never enough; you'll need to target your potential clients; focus on the most promising opportunities; follow them up; and keep pursuing them. You're now starting to manage your sales 'pipeline'.

A simple approach to managing your sales pipeline involves identifying 'suspects' (organisations that might be interested) and 'prospects' (organisations that you know are interested). To help judge which suspects and prospects to pursue, commercial organisations

use a 'weighted pipeline'.

At its simplest, this involves deciding on the potential 'value' of the opportunity and the 'probability' of you winning the work. A high value opportunity where you can't even get to talk to the client may be a lower priority than a lower value opportunity where the client sounds quite enthusiastic.

It's worth you (and any colleagues involved in selling) regularly keeping track of your pipeline using a basic spreadsheet, which could look something like the table below:

Client	Opportunity	Status	Value	Probability	Weighted	Action
Company A	Storage	Requested quote	£50k	40	£20k	Write quote
Town council	Running their archive	Second meeting	£80k	20	£16k	Invite to visit

You will need to set some ground rules for how to judge the value and probability of a prospect and what justifies increasing your rating of the probability of achieving a particular sale. However, it's not a science. The value of managing your sales pipeline

is that it enables you to stay on top of your sales activities and to form a judgement about where to focus your effort. The process of discussing the pipeline also enables you to build your and your team's commercial expertise.

5.6 Other issues to consider

Communicating with users and stakeholders

If you're proposing to change the ways in which existing services operate, or increase charges, it's important to have a strategy for communicating this through your staff and volunteers to existing customers and other stakeholders like partner organisations or charitable funders. During your initial research you should have engaged these groups to include their perspective, but you may need to provide information about the reasons for your decisions and how it will support the mission of your archive or support core public or charitable services and the future of the collections.

Procurement and contract monitoring

Procurement of services and contract monitoring will often be supported within larger organisations by teams of specialists. However, even in local authorities and other public bodies, these functions are subject to

budget cuts, so it's important to have a grasp of the essentials of the rules which you will need to follow, including what thresholds apply, how to manage the contract, what to do if something goes wrong, and how to re-negotiate or re-commission work when the contract ends.

Reviewing your progress

Deciding how you are going to measure the success of your commercial activities will be crucial. As suggested in the workflow above, you need to establish some criteria, drawn from your options appraisal, for measuring progress, which give you a reasonable margin for error. Your evaluation should be able to gauge how your actual costs and eventual profit margin measured up against your initial forecasts. Capturing qualitative feedback from customers and staff will also be really important, and highlighting the positives as well as challenging areas of weakness.

Checklist - delivering your plan

- Project management - have you developed a workflow to deliver your project systematically?
- Business development - can you integrate the assessment of future sales opportunities as a continuous process in your future planning?
- Procurement and contracting - have you understood all the processes relating to contracting with third parties and established robust monitoring systems?
- Staffing - do you have the necessary staff resource and skills to deliver the project within your team or across your partnership or consortium?
- Monitoring, review and evaluation - have you established criteria and points for reviewing your progress and evaluating its success?

Case study 9 – Building a consultancy service

Organisation

Tyne and Wear Archives and Museums (TWAM)

Summary

Facing significant budget decreases, TWAM (a shared service between five district councils) is meeting the need to increase earned income through a range of consultancy services across their museums and archive. Among its offer the archive service has identified providing consultancy services to public bodies to meet their duties under the Public Records Act as a major opportunity.

Scope

As a Place of Deposit, TWAM was conscious that lots of public bodies in their area weren't meeting their responsibilities under the Public Records Act to transfer records (see 'Transferring records to PODS' in Section 2.10 for further information on these responsibilities, which comprise appraisal and selection, sensitivity review, listing, and physical preparation). As Lizzy Baker makes clear, 'some archives haven't charged for that work in the past, but in the current funding climate it's hard to justify, as long as you're clear what you can and can't charge for as a POD'.

The Archive approached one of their local hospitals which was marking a major anniversary and offered to help them meet their obligations under the law. Lizzy outlines the process they went through: 'we'd carried out surveys of the hospital trust's records before and knew they were struggling. Working across two hospital sites it's a significant undertaking. Our proposal involved some negotiation, as our

cost model suggested a workplan which the Trust couldn't afford, so we agreed a package representing four days a week for four months. We worked with them to assess and prepare the records for permanent transfer.'

What's unique

'Be clear what a project or opportunity is going to cost you. Cost it out carefully including management and technical aspects. In the past we didn't have a strict understanding of what our public record activity was costing us. Through our consultancy work we can apply that discipline to our whole funding strategy.'

Results

Lizzy comments 'It's definitely the start of a relationship rather than a one-off. We're now talking to the hospital trust about ongoing records management needs and born digital records. The project has set us up to approach several other public bodies that we know are behind in transferring records.'

Key learning point

'Understanding staff capacity is crucial for projects which are core-relieving rather than providing additional capacity. You also need to be prudent about lead-in times to allow for planning by your customers.'

For further information

Lizzy Baker,

Email: lizzy.baker@twmuseums.org.uk / [TWAM Consultancy Services](#) /

[The National Archives Guide to Transferring Records to PODs](#)

Case study 10 – Working with business as the first resort

Organisation

History of Advertising Trust (HAT) and Butlin's Archive. HAT, established in 1976, is a 'co-operative' of advertising industry and brand heritage records. HAT provides a range of brand heritage management services to its corporate clients including Hovis, Heinz and Vimto. The Butlin's Heritage Collection contains a wealth of material used to support brand marketing and as inspiration for resort redesign and new product development.

Summary

Butlin's commissioned HAT to manage, catalogue and activate their collection in preparation for their 80th anniversary in 2016. The project was designed to fulfil the Butlin's business aim to provide a safe and secure place to store its archive assets, and protect their intellectual property rights for future commercial use. The project has been so successful in fulfilling the company's business needs that it has since been extended on a year-by-year basis.

Scope

As a charity, HAT recognises the changing fundraising landscape which is driving them to move further away from a business model which is overly dependent on donated income.

HAT agreed a five-year contract to store and manage the archive, with terms and conditions for additional work which include research, digitisation and curation. It has also led to other strands of work including merchandising development. HAT has developed standardised pricing for research, digitisation and other services which are built into the contract.

What's unique

HAT offers the company much more value

than a commercial archiving company because of the value it unlocks for its future profile and advertising needs. In recent times heritage has become more important to brands, who are looking to generate consumer trust, so currently there is a good environment to create these types of client-archive relationships.

Results

Now in its fifth year the partnership with Butlin's has created over 50,000 catalogue records and the vast majority (circa 40,000 items) of its photographic and postcards collection (including slides, negatives, transparencies) has been digitised, in partnership with Norfolk Records Office (NRO).

Over the next year HAT will be continuing to build its relationship with Butlin's whilst also looking for new partnerships with other brands and companies.

Key learning point

Richard Powell, Director, points to a set of cultural behaviours which have been crucial: 'Managing expectations, working transparently and generating trust. It's crucial to understand the customer's business need. The funding comes out of their marketing budget, not specifically for archiving.'

This work has underlined the importance of shifting the image we project to the business sector about what we do to reflect our commercial activity as well as the core educational mission'.

For further information

Eve Read, Archives and Collections Project Officer

Email: Eve@hatads.org.uk /
<http://www.hatads.org.uk/>

Case study 11 – The recipe for a successful catering offer

Organisation

Black Cultural Archives (BCA)

Summary

BCA has undertaken a fundamental review of its catering offer, which hadn't met the potential envisaged when the new building opened in 2014. With a better understanding of process and strategy they are building a successful arm of their new income generation strategy.

Scope

Supported by Patricia Hamzahee, a new trustee with a background in social enterprise and business development, and Stafford Geohagen, a trustee who owns a successful local food business, BCA's catering strategy has gone back to basics. As Patricia explains:

'Running a food business in an archive requires huge attention to operational processes and efficiency, particularly in a small space. If you don't stay on top of these things they'll overtake you. It requires investment and management.'

Understanding the full costs involved in purchasing, preparing and offering food including all overheads has been key to developing a new pricing policy to make sure they are making a reasonable profit margin.

What's unique

Patricia says 'Food and hospitality are

fundamental to the communities and heritage which BCA celebrates. Culture, music and food all tie into our core purpose as an archive'

Results

Now that they have the basics under control, including the addition of on-site cooking capacity, BCA is testing out the possibilities, and understanding the potential market opportunities, for example late-night openings and event catering.

Inspiring and authentic food is also driving improvements in their venue hire business with future plans for weddings, children's parties and other events. Although the food offer started with Jamaican cuisine, they're now drawing on food traditions from the whole diaspora with African inspired menus and guest chefs.

Thankfully, Patricia says, 'Food from our communities is not excessively expensive to prepare, so you can be imaginative and authentic with a high quality offer while keeping costs down'. These incremental steps are part of preparing for a kitchen and Café refurbishment project which will transform their on-site preparation facilities.

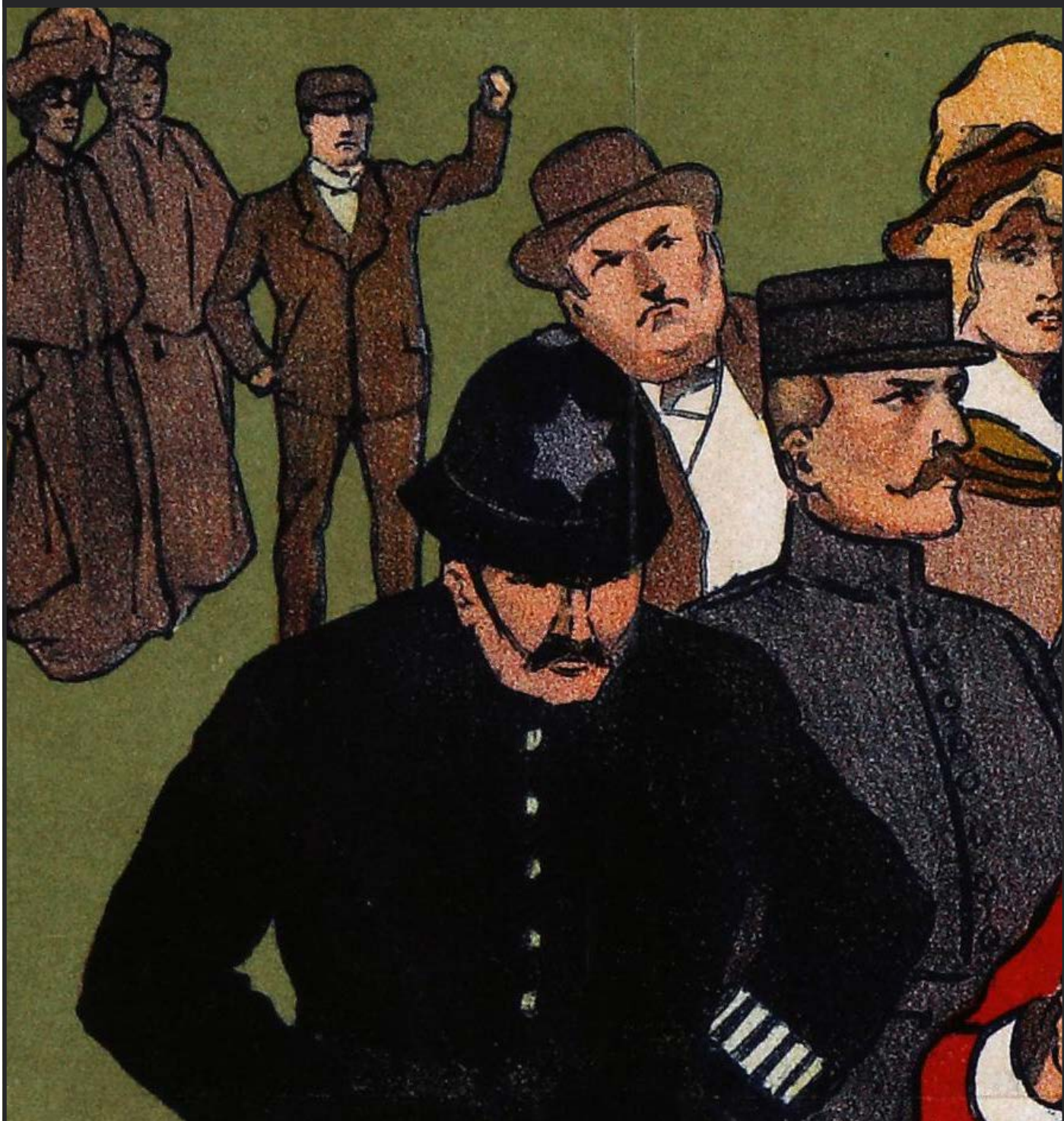
Key learning point

Patricia suggests: "Delivering consistently" has become our mantra.'

For further information

<https://blackculturalarchives.org/>

Section 6



Where to get help

6.1 Where to go for help

Overview

A range of experience and advice is available for archives to draw from, both within the archive sector and beyond. This section provides links to the most significant:

- **Detailed guidance about managing records for income generation.**
- **Advice and tools about disciplines and techniques.**
- **How to get support from us at The National Archives.**

Role of The National Archives

As leader of the archives sector in England, The National Archives has a role in interpreting the legislation which affects records across the sector, including in local authorities. Through the work of our Archives Sector Development team, we also offer advice and support on matters such as income generation and, for example, the kinds of services and activities that different types of archive service can and cannot charge for.

For advice and further information, contact your regional Sector Development Manager within the Archives Sector Development department at The National Archives: <http://www.nationalarchives.gov.uk/archives-sector/our-archives-sector-role/contact-the-team/>

You can find a whole range of useful guidance, case studies, and information about running an effective archive service here: <http://www.nationalarchives.gov.uk/archives-sector/>

Fundraising for Archives project

The National Archives, Archives and Records Association (ARA), the Scottish Council on Archives (SCA), the Museums, Archives and Libraries Division of the Welsh government (MALD) and the Public Records Office of Northern Ireland (PRONI), were awarded Heritage Lottery Fund funding for this three-year capacity-building and training programme for the UK archive sector. As well as fundraising, the training included financial planning and measuring outcomes and evaluation. The various resources produced during the project, including eLearning modules and toolkits, are available for free on our website: <http://nationalarchives.gov.uk/archives-sector/projects-and-programmes/fundraising-for-archives/>

Cultural Commissioning Programme

From 2013 to 2017, the Cultural Commissioning Programme (CCP) supported arts and cultural organisations to come together with public service commissioners. It helped them explore ways of working to deliver better outcomes for people and communities. The programme was funded by Arts Council England and delivered by the National Council for Voluntary Organisations (NCVO) in partnership with New Philanthropy Capital (NPC) and the New Economics Foundation (NEF). The programme's learning has been synthesised into [guidance, reports, case studies and other resources](#).

6.2 Other sources of advice

Association of Independent Museums

<https://www.aim-museums.co.uk/resources/success-guides/>

Locality (2015) Income generation for public libraries

https://libraries.communityknowledgehub.org.uk/sites/default/files/locality_income_generation_2015.pdf

Museums Association Raising Income

<http://www.museumsassociation.org/museum-practice/raising-income>

Libraries and Archives Copyright Alliance

LACA, the UK Libraries and Archives Copyright Alliance lobbies in the UK and Europe about copyright and related rights on behalf of its member organisations and UK users of copyright works through library, archive and information services.

Appendix 1 – List of contributors

As well as the case study interviewees, we are also very grateful to the following people for their contribution during the production of the 1st and 2nd editions of this guide.

Martin Astell	Essex Record Office
Anne Barwood	Exeter Cathedral Archive
Victoria Bryant	The Hive, Worcestershire
Jo Elsworth	University of Bristol Theatre Collection
Peter Evans	Sheffield Archives
Liz Harper	Royal Albert Hall Archive
Sam Johnston	Dorset History Centre
Ellie Jones	Exeter Cathedral Archive
Allyson Lewis	Essex Record Office
Mary McKenzie	Shropshire Archives
Alistair Moir	History of Advertising Trust
Teresa Nixon	West Yorkshire Archive Service
Abigail Ratcliffe	Science Museum Group
James Stewart	History of Advertising Trust
Tamara Thornill	TFL Archive
Gemma Maclagan Ram	The National Archives
Tina Morton	The National Archives
Chris Mumby	The National Archives
Owen Munday	The National Archives

Appendix 2 – Norfolk Record Office Activity-Based Costing

Step 1 – data gathering

Most of the raw data was easily available so it was quite a quick process. Storage capacity was taken from CIPFA returns. Other data came from department budget and payroll.

Step 2 – identify activities

Three main tasks were analysed to establish the cost of each: collecting records; looking after records; and making records available. Each was then broken down, for example a subdivision of 'looking after records' was 'storing records in the strong rooms'. The formula for calculating this cost is shown in Appendix 2.

Cost of storing average box in NRO strong rooms =

$$\frac{((\text{cost of storage} \div \text{cubic storage capacity of strong rooms}) \times \text{cubic capacity of one unit of storage}) \div \text{number of shelves in one unit of storage} \div \text{number of standard boxes on a shelf}}$$

Cost of storage =

proportion of salary and on costs +

proportion of additional staff costs +

proportion of additional premises costs +

proportion of transport + proportion of equipment + proportion of materials + proportion of ICT + proportion of printing and stationery+

proportion of premises and support services recharges + proportion of depreciation

Step 3 – allocate costs

Salary costs and on costs – divided by different activity.

For example:

- 7% of County Archivist's time is spent on storing archives;
- 5% of senior conservator's time spent on storage related activities (monitoring, maintaining emergency response plan etc.);
- 5% conservator monitoring conditions and essential repackaging;
- 20% of the support services manager's time;
- 30% of a strongroom assistant's time spent on reconfiguring storage in order to create space;
- 10% of an attendant's salary as they open and close the strongrooms at the start and end of the day.

Each 'subjective code'¹ (from the expenditure account for 2014/5) was allocated into broad headings for additional staff costs, additional premises costs, transport costs, equipment costs, materials costs, ICT costs, printing and salary costs. Then the spend on each of these subjective codes was allocated to the different activities and sub-activities.

The drivers for this varied, including the ratios established by recharge and depreciation calculations, staff time or direct analysis, for example, of maintenance costs for equipment.

'Below the line costs' were then calculated, including premises and support services recharges and depreciation.

Step 4 – calculate costs

Based on the above method, it was estimated it costs £2.81 per annum to store one box (381 mm x 266 mm x 127 mm). Of this, £0.23 is controllable spend, £2.58 is uncontrollable spend. While not a precise figure, we are confident it is closer to £2.81 than £0.28 or £28.10, and an appropriate level of accuracy for calculating our costs and charges.

1 'Subjective code' is the term used for the category used to classify each type of expenditure in your budgets. For example, there will be different subjective codes for 'stationery' and 'training'.