



HG-014-08167 The Hold

13. Business Plan

Contents

1	Executive Summary	4
2	Introduction	10
3	Project Background	11
3.1	Project partners	11
3.2	Vision and Objectives	12
3.3	Concept	14
3.4	Site Location	14
3.5	Project Development	15
4	Strategic Background	17
4.1	Project outcomes	17
4.2	Strategic Context	17
5	Project Details	20
5.1	Activity Plan	20
5.2	Conservation and Management & Maintenance Plans	20
5.3	Design Principles	21
5.4	Spatial requirements	21
6	Market Analysis	23
6.1	Introduction	23
6.2	Market Context	24
6.3	Market Demand Analysis	26
6.4	Market Supply Analysis	32
6.5	Visitor Projections	34
6.6	Conclusion	36
7	Financial Analysis	38
7.1	Introduction	38
7.2	Visits, Opening Hours & Seasonality	38
7.3	Income	41
7.4	Expenditure	48
7.5	Staff Costs	48
7.6	Operating Expenditure	48
7.7	Summary Cashflows	49
8	Sensitivity Analyses	53
8.1	Introduction	53
8.2	Number of Visits	53
8.3	Recharges	57

The Hold Business Plan (DRAFT)

8.4	Fundraising & Grants	57
9	Governance Arrangements	59
10	Risk Assessment	61

1 Executive Summary

This report describes the operational business plan for The Hold and its impact on the whole Suffolk Record Office (SRO) service. It is based on extensive market research and analysis and a comprehensive financial plan developed independently by Fourth Street in consultation with the client and the rest of the consultancy team working on the Development Phase of the project. The business plan is one of several pieces of work designed to assure the Heritage Lottery Fund (HLF) of the project's progress and long term viability and to meet the requirements of a 'Stage 2 HLF Submission'.

Project Background

The Hold is a new heritage facility, formed in partnership between the Suffolk County Council (SCC) – through the Suffolk Record Office – and the University of Suffolk (UoS), which will create a new record office for the county and state-of-the-art teaching facilities for the University. It will be built on Ipswich's waterfront and deliver a new, reshaped county archives service that will provide a wide range of benefits at local, county, regional and national level.

The facility has been conceived in response to several critical challenges currently facing the Suffolk Record Office, including lack of available storage space and facilities that do not meet appropriate archive service standards.

Vision

The project vision is to create *"a new, flagship heritage facility and a reshaped service, launching people, young and old, on new voyages of discovery."*

The aims of the project can be summarised as follows:

- provide Suffolk with a world class heritage destination: by innovative design of The Hold taking into account the comprehensive consultations with a cross section of our target audiences and showcasing our key collections in a fun, colourful and exiting way, including the use of digital technology
- provide the best archival conditions for the history and heritage of Suffolk: the conservation plan will insist on the highest possible specification archive storage and delivery systems
- provide an archive for the future: by building in ample storage capacity for future acquisitions and using our activities to drive new collections including oral histories, films and an increased focus on displaying them digitally
- be a gateway to the county's heritage: by taking touring exhibitions and events out to whole county, having a county wide audience for our varied activity programme, creating partnerships with other heritage organisations and focusing on delivering heritage digitally
- engage all people of Suffolk with their heritage: our consultations with target audiences has been the inspiration for our diverse activity programme, it has been designed to involve as broader cross section as possible to engage and involve them with the rich heritage of Suffolk

The Hold will furthermore contribute to the regeneration of the Waterfront area of Ipswich, attracting new local, national and international students and academics to the University and increase visitors to this part of the county.

Project Details

There are several key factors that will influence the operation of The Hold facility and the proposed services delivered by the SRO across the county. They include the design principles and spatial requirements for the new facility, and the activity programme for The Hold and the SRO more widely. These aspects of the project are crucial as they help to inform the financial model.

Market Analysis

Fourth Street independently reviewed the assumptions outlined in the Stage 1 HLF Application, to re-test the plausibility and realism of key variables that relate to the financial model, including – but not limited to – the projected number of visits.

The figure below shows the total number of projected visits to the entire SRO service, including The Hold, Bury and Lowestoft Offices, which is forecast to be approx. 37,800 at Year 1 of operation. The Hold is forecast to attract **24,200 visits at Year 1 of operation.**

Figure 1: Total Projected Visits, Year 1 of Operation

Branch	Projected visits (Year 1)
The Hold	24,200
Bury Record Office	9,800
Lowestoft Record Office	3,800
TOTAL SRO VISITS	37,800

Note: The projections include visits to the searchroom as well as events / activities on-site.

Financial Analysis

The financial model draws on several factors, including the market analysis, activity plan, staffing arrangements and area schedule, to construct a robust operational financial model (exclusive of capital costs). The model focuses on the whole SRO service, across all three branches – not just The Hold – to guide the SRO following construction and opening of the new heritage facility.

It is based on a highly detailed and flexible Excel-based financial model, which details all the key operational assumptions that drive both expenditure and income projections. These are all fully described and, where necessary, substantiated within the body of this report.

While the project is ambitious, care has been taken to be prudent and conservative with both income and expenditure estimates and assumptions.

The key assumptions that drive the financial model cashflows are as follows:

- A stabilised year reflecting Year 3 of operation, which accounts for the initial (and short-lived) spike in visits, resulting in a total of 31,700 visits to the SRO service (including 19,500 visits to The Hold)
- Ongoing governance by the Local Authority
- A Heads of Agreement with the University of Suffolk, which assumes 30% of total premises and National Non-Domestic Rates (NNDR) being recharged to the University for use of the facility (note: this is subject to confirmation)
- A reduced presence in Bury and Lowestoft, demonstrated by a reduction in collections held at each site, which decreases running costs.

It is important to understand the meaning of the cashflow, which does not include the more typical gross and net operating profit lines. Instead, based on current SCC accounts, the total is defined as SCC subsidy. This line, in effect, shows the level of Council funding that the SRO requires in a given year. A 'deficit' represents the need for additional Council subsidy, while a 'surplus' represents the need for reduced Council subsidy.

The financial position for the SRO, following the opening of The Hold, can be summarised as follows:

1. A comparison of the 'stabilised year' cashflow (i.e. Year 3) against the current SRO budget

As shown in Figure 2, the financial model estimates a marginal increase of c. [REDACTED] when compared to the current budget. This makes the future state of the SRO almost the financial equivalent of the current state, despite the addition of a much-improved, state-of-the-art, heritage facility and record office.

Notwithstanding the completion of a major capital project as well as significant operational changes, this is a positive result for the SRO and SCC, inasmuch as it provides for an enhanced service, in fit-for-purpose premises, with a commensurately small change Council expenditure.

As currently conceived and designed, The Hold appears to be a **viable proposition**.

Figure 2: SRO Financial Summary (Year 3), Comparisons with Current State

	SRO CURRENT BUDGET (2015-16)	SRO TOTAL (YEAR 3, 2021-22)
TOTAL OPERATING INCOME	£86,910	
TOTAL FUNDRAISING & FINANCIAL SUPPORT	£1,610	
TOTAL INCOME	£88,520	
TOTAL STAFFING	(£682,018)	(£806,800)
TOTAL PREMISES	(£157,776)	(£448,400)
TOTAL NNDR	(£88,370)	(£141,800)
TOTAL SUPPLIES & SERVICES	(£110,858)	(£254,700)
TOTAL TRANSPORT	(£5,427)	(£9,000)
TOTAL INTERNAL CHARGES (SUPPORT SERVICES)	(£70,282)	(£62,800)
TOTAL THIRD PARTY PAYMENTS	(£8,180)	£0
TOTAL EXPENDITURE	(£1,122,911)	(£1,723,500)
SCC SUBSIDY	(£1,034,391)	

It is also worth noting that there are limited opportunities to eliminate the Council subsidy altogether, as The Hold (and by extension, the SRO) primarily serves an educational and community engagement function and is not focused on generating a profit (for example, it cannot easily introduce an admissions charge).

2. An 8-year P&L forecast, including 5 full 'legacy' years after HLF funding is provided

The SRO forecast is summarised in Figure 3 and details the total impact on the SRO service from Years 1 to 8 of operation at The Hold. This includes 5 full years after HLF funding ends (from Year 3 onwards).

Please note that while the model includes functionality to test the impact of inflation, the baseline forecast *excludes* inflation. This is simply to avoid any ambiguity about changes in income / expenditure over time.

The cashflow profile assumes variations in annual visits for each site, which assumes an initial spike during the opening of The Hold, followed by an expected decline and stabilisation (consistent with the visitor profile of comparable visitor destinations).

According to the table below, current estimates and assumptions result in an increase in SCC subsidy levels from Year 1 to 8 of operation (although, as mentioned above, this does not reflect a material difference from the current accounts).

The Council subsidy also appears to fluctuate according to the number of projected visits. So, during the first two years of operation, when visits are at their highest, the subsidy *increases*. Conversely, when the visits stabilise after Year 4, the subsidy *decreases*. This reflects the fact that marginal costs are greater than marginal revenue, an important issue that is explored further in this report.

Figure 3: P&L forecast, SRO Total

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
TOTAL OPERATING INCOME								
TOTAL FUNDRAISING & FINANCIAL SUPPORT								
TOTAL INCOME								
TOTAL STAFFING	(£813,600)	(£810,100)	(£806,800)	(£808,300)	(£809,000)	(£809,000)	(£809,000)	(£809,000)
TOTAL PREMISES	(£543,700)	(£495,700)	(£448,400)	(£468,400)	(£478,600)	(£478,600)	(£478,600)	(£478,600)
TOTAL NNDR	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)
TOTAL SUPPLIES & SERVICES	(£288,100)	(£271,200)	(£254,700)	(£261,600)	(£265,300)	(£265,300)	(£265,300)	(£265,300)
TOTAL TRANSPORT	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)
TOTAL INTERNAL CHARGES	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)
TOTAL THIRD PARTY PAYMENTS	£0	£0	£0	£0	£0	£0	£0	£0
TOTAL EXPENDITURE	(£1,859,000)	(£1,790,600)	(£1,723,500)	(£1,751,900)	(£1,766,500)	(£1,766,500)	(£1,766,500)	(£1,766,500)
SCC SUBSIDY								

The financial model also includes a number of *sensitivity analyses* to test the key assumptions and the impact on the financial result and to identify areas of risk.

Governance Arrangements

The Hold, as a County Council-owned facility, will be managed on a day-to-day basis by staff of the Record Office headed by the Record Office Manager. In terms of line management, he/she will report to the Head of Strategic Development.

Given the close strategic and operational relationship with the University of Suffolk, a *Partnership Group* between the County Council and the University will be formed. Its written terms of reference will reflect the key elements of the formal agreement between the two parties. The Partnership Group which will consist of a Strategic Committee and an Operations Committee will be put in place to succeed the current project management arrangements.

These arrangements are illustrated in Figure 4 below.

Figure 4: SRO Suggested Governance Arrangements



Risk Assessment

Finally, the business plan examines the risks for the delivery and operation of the project, to identify any significant weaknesses or threats. Using a bespoke probability / impact matrix, this report evaluates the project's exposure against several risk areas. We consider both the *probability* of a risk being realised and the *impact* on the project (if the risk is realised), as well as outline possible risk mitigation factors to overcome potential threats to the project.

Based on our analysis, the most significant three risks relate to *funding*, *market* and *operations*. However, as outlined in detail in this report, these risks can be managed through various means of mitigation, as detailed in the table below.

Figure 5: Risk Factors

Top 3 Risks	Explanation	Potential Mitigation
Funding	Failure to secure sufficient capital funding.	A funding strategy has been drawn up and capital funding contributions are being sought from a number of bodies to match the anticipated core contributions from SCC, UoS and the HLF.
Market	Failure to meet market or financial projections.	Detailed market research and analysis has been undertaken for business modelling purposes and market and financial projections based on these findings are deemed to be conservative. Financial assumptions should be regularly examined, including sensitivity analyses to test the model and review areas of risk.
Operational	Failure to effectively deliver core services and activity programme.	The SRO already has considerable expertise and experience in delivering core services. Costs related to the activity programme have been quantified and taken fully into account and integrated into the Hold's business planning.

We also recommend there all risk areas are monitored and reviewed on a consistent basis following The Hold's opening.

2 Introduction

Fourth Street was commissioned by the Suffolk County Council (SCC) to produce a business plan for The Hold, whilst also assessing the impact on the entire Suffolk Record Office (SRO) service. The business plan is one of several pieces of work designed to assure the Heritage Lottery Fund (HLF) of the project's progress and long term viability and to meet the requirements of a 'Stage 2 HLF Submission'. In effect, the business plan cements the productive relationship between all of the project's partners and stakeholders, providing a clear strategic and financial framework for its implementation. It is designed to be read in conjunction with the full suite of supporting documents.

This report is an *interim* business plan for The Hold, informed by our numerous consultations with key stakeholders, assessment of the market and review of key documents (i.e. the Activity Plan, Design Brief, etc.). The report details our preliminary findings to-date and outlines how we will further develop all sections of the final business plan. The contents can be summarised as follows:

- Section 3 summarises the **project background**, including an overview of the project partners – the SRO and UoS – as well as the basic vision and concept of The Hold.
- Section 4 outlines the **strategic background**, including the agreed project objectives and outcomes, and how The Hold fits within the broader strategic context.
- Section 5 summarises the **project details**, specifically the design principles that will be incorporated into the new heritage facility, as well as its proposed area schedule and size.
- Section 6 includes Fourth Street's **market analysis**, which complements the previous market analysis completed during the HLF Stage 1 process. It summarises the potential and target demand for The Hold and provides a detailed comparison with other destinations, in order to test the plausibility of the projected number of visits.
- Section 7 is the **financial plan** component of the business plan, modelling not just the new heritage facility but the entire SRO service (from Year 1 of operation), including all projected income & expenditure streams and a 6-year cashflow.
- Section 8 includes several **sensitivity analyses** to 'stress-test' the model and understand the financial implications of changes to key assumptions.
- Section 9 details the **governance arrangements** for the SRO following completion of The Hold.
- Section 10 includes a **risk assessment** in the form of a risk probability matrix, which assesses the project's exposure to risk for key 'risk areas'.

3 Project Background

3.1 Project partners

The Hold is a new heritage facility, formed in partnership between the Suffolk County Council – through the Suffolk Record Office – and the University of Suffolk (UoS), which will create a new record office for the county and state-of-the-art teaching facilities for the University. It will be built on Ipswich’s waterfront and deliver a new, reshaped county archives service that will provide a wide range of benefits at local, county and regional level.

This section explores each organisation in greater detail, as well as their partnership, and provides insight into how the Hold project was conceived.

3.1.1 Suffolk Record Office

The SRO is part of the *Strategic Development* Team of the Suffolk County Council.

The purpose of the SRO – which has been revised to meet the objectives of The Hold – is to “*help residents and visitors engage with our county’s rich heritage. It collects, conserves and communicates the recorded history of Suffolk from the 12th century to the present day, empowering people in exploring their roots, remembering their past, and planning their future.*”

The SRO comprises three branches across the county that house and store its collections and archives:

- Ipswich Record Office (71% of SRO collections);
- Bury Record Office (20% of SRO collections); and
- Lowestoft Record Office (9% of SRO collections).

Overall, the SRO receives approx. 17,200 on-site visits (including visits to the searchrooms and on-site events)¹. Figure 6 below shows the current distribution of visits across each branch.

Figure 6: Current Visits, 3-Year Average (2013-14 to 2016-17)

Branch	VISITS
Ipswich Record Office	6,800
Bury Record Office	7,500
Lowestoft Record Office	2,900
TOTAL SRO VISITS	17,200

Note: Includes visits to the searchroom and events / activities on-site.

According to latest data, the SRO hosted just over 100k visits to its online catalogues in 2016/17. This includes the suffolkarchives.co.uk website, the old Suffolk Heritage Direct site and SRO catalogue info on TNA Discovery site.

¹ Based on a 3-year average from 2014-15 to 2016-17. The 2014-15 year marked the beginning of an overall decline in overall visits, which reflected a change in the operating hours for each branch.

3.1.2 University of Suffolk

The University was established in 2007, becoming fully independent in 2016 (including changing its name from 'University Campus Suffolk'). Its vision over the next five years is to *"develop a broader base, be of higher academic standing, with a larger student population drawing from the region, nationally and internationally."*

The University's ambition, to which its partnership with The Hold will contribute, is to have a clear, measurable and positive impact on the economic, cultural and educational lives of the community.

UoS operates across several sites, including Ipswich (the main campus), West Suffolk College, East Coast College (Lowestoft and Yarmouth), and Suffolk New College. However, The Hold is likely to be utilised by students and staff mainly from the two proximate sites in Ipswich – the University's Ipswich campus and the New College site.

Across all its campuses, the University has approximately 5,700 undergraduate and postgraduate students (excluding vocational courses, apprenticeships, GCSEs, AS levels, A levels, etc.) and employs around 200 academics. It operates two separate faculties - Arts, Business and Applied Social Sciences; and Health and Science. It is anticipated that majority of students utilising The Hold's archives and collections will be part of the 'Arts' faculty studying courses such as: History, English, Sociology, Architectural Design, Marketing, Promotion and Events Management etc. As such, users from the University are more likely to be based at the Ipswich campus rather than New College (which mainly offers vocational and other courses, such as GCSEs, etc.) There will also be close links with the Innovation Centre.

In addition to this partnership project, UoS and the SRO have a history of partnership arrangements, including:

- SRO representation on the BA Hons History Course Committee.
- placements for University students in the SRO where they can put their academic knowledge and skills into practice.

3.2 Vision and Objectives

3.2.1 Project Vision

The project vision is to combine heritage with community engagement and education, and has been articulated as follows:

The Hold is a partnership between Suffolk County Council and the University of Suffolk that will create a new, flagship heritage facility and a reshaped service, launching people, young and old, on new voyages of discovery.

Located within Ipswich's unique and regenerating Waterfront, The Hold will house Suffolk's nationally and internationally significant archives and will be the engine for a transformed, audience-focused service that will reach out to the diverse communities in Ipswich, the county and

the nation through its activity and digital programmes, engaging them with Suffolk's rich archival heritage in new and exciting ways.

The Hold will open its doors to reveal Suffolk's treasured past and inspire Suffolk's future.

3.2.2 Project Objectives

To realise this Vision, the SRO will deliver the following objectives.

For Heritage

- To safeguard Suffolk's irreplaceable collections with state-of-the-art accommodation
- To create an efficient building and service, bringing more of Suffolk's heritage together on one site
- To create space to showcase Suffolk's heritage and provide interpretation to a broader audience
- To provide an enhanced online offer and allow visitors anywhere in the world to interact with Suffolk's collections
- To enhance Suffolk's collections through an ambitious Activity Plan

For People

- To forge a sustainable, learning partnership with one of the UK's newest universities; the University of Suffolk
- To have a positive impact on the employability of UoS students
- To create new learning opportunities and drive the renaissance of Suffolk Archives' schools offer
- To remove barriers to engagement and increase our reach to diverse audiences
- To diversify our volunteer base and increase levels of engagement in the service

For Communities

- To create an environmentally sustainable building reflecting best practice
- To contribute positively to the critical mass of regeneration activity on Ipswich Waterfront
- To create a resilient, commercially-focussed and outward-facing Suffolk Archives Service
- To empower communities in undertaking their own heritage activities

3.3 Concept

The facility has been conceived in response to several critical challenges currently facing the Suffolk Record Office. Firstly, there is a lack of available storage space, with current estimates projecting full capacity to be reached within the next three years. Secondly, the current storage facilities on-site are inadequate and no longer fit-for-purpose.

The development of a new, state-of-the-art heritage facility is designed to overcome these issues by: providing ample storage space to house the majority of Suffolk's archives; and delivering a new heritage research centre to engage the community with Suffolk's rich archival heritage in new and exciting ways.

The facility will effectively replace the Ipswich branch of the SRO, with its percentage of total SRO collections to increase to 85%, which will include additional collections to be transferred out of Bury and Lowestoft. It is anticipated that the percentage of collections based at The Hold will increase over time as more collections are acquired. In addition, The Hold will also house some of the archaeological archives from the Suffolk County Council Archaeological Service (SCCAS) and the Suffolk Biological Record.

In terms of the other SRO sites, the Bury branch will continue to operate as usual, albeit with reduced collections at 15% – as 5% of its collections within the storage annex will be transferred to The Hold – while the Lowestoft branch will remain open with a reduced presence. The current proposal is for the LRO to remain open, unstaffed, as a local access point to serve the local community. This will include (amongst other things): local history collections, touring exhibitions from The Hold, workshops and training for SRO staff, volunteers and members of the public, and small local events.

The Hold will transform the current SRO service through its new activity and digital programmes. This programme has evolved from the original *Mapping Suffolk Stories* theme, to encompass a much broader and more ambitious Activity Plan. The Hold will stage a series of blockbuster exhibitions, borrowing items from national institutions to supplement SRO collections, have touring and online exhibitions, countywide oral history recording and a range of imaginative and surprising events widening the impact of the Mapping Suffolk Stories community research based project designed to create an online resource using historic maps as the initial base. People will be able not only to engage online through collections and exhibitions but also by listening to oral history recordings and TED style talks. There will be teachers' forums and INSET events, loan boxes and online resources for schools. The Hold will provide opportunities for skills and careers development for young people, including students, at the start of their career, including volunteering, work placements, apprenticeships and internships.

In addition, The Hold will collaborate closely with the University of Suffolk, providing flexible, shared learning spaces and state-of-the-art teaching facilities, as well as a comprehensive archive resource for students to utilise for study and research purposes. It will also house the university's own archive.

3.4 Site Location

The facility will be located at the UoS north campus site, adjacent to the Ipswich Waterfront. The site contains a building, which is no longer used by UoS, as well as a car park with approximately 90 spaces.

The building and majority of the car park will be demolished to allow for the construction of the new facility.

The area falls within the 'Innovation Quarter' identified in the *Ipswich Vision* strategy, which is characterised as the hub for learning and creativity in the town. As such, the area has been earmarked for future regeneration and growth, in an effort to revitalise the town and create a successful and prosperous town centre. Importantly though, The Hold virtually borders the separately identified 'Waterfront Quarter' and, as such, provides a valuable link between the two.

The Ipswich Vision, and other relevant strategic documents, are discussed further in Section 4.2.

3.5 Project Development

This project has been developed as part of a long-term strategy to consolidate a number of separate collections across the three record offices, Suffolk Archaeology Services and the Suffolk Biological Record within a single, fit-for-purpose, heritage facility. As mentioned above, this is in response to a critical lack of storage space and the poor state of the current facilities, which have been deemed inadequate and no longer meet appropriate standards of record office provision.

In addressing these issues with the development of state-of-the-art storage facilities and new, high-quality provision for visitors, the SRO will also seek to obtain Archive Service Accreditation from The National Archives.

An overview of the issues specific to all three branches of the SRO – Ipswich, Bury and Lowestoft – was provided in the Outline Business Plan developed by *Julia Holberry Associates* (JHA) in November 2015. These still hold good and can be summarised as follows:

- **The Ipswich** Record Office is restricted by many factors, including a general lack of storage space and poor accessibility throughout the building. In addition, the site being located within the Ipswich floodplain is susceptible to wholesale flooding. Expansion on this site is not possible.
- **The record office at Bury** is constrained by inadequate storage facilities and lack of public access for wheelchair users. The location of the outstore also puts it at the risk of flooding.
- **Collections storage at the record office at Lowestoft** is located in the basement, which has a history of previous flooding and continued risk of future flooding. It too is constrained by inadequate storage facilities.

As these have been long-running issues facing the SRO, the project has been in development since mid-2010, and has been informed by numerous consultations, studies and reports. The key stages of completed work-to-date are outlined in Figure 7 (note: this list is by no means exhaustive).

Figure 7: Project Development, work-to-date

Year	Action
July 2010	SCC undertakes initial consultation to explore potential new directions to improve the delivery of SRO services
2010 to 2014	SRO, SCCAS and Museum of East Anglian Life undertake numerous consultations and explore various options (including provision of a single heritage facility)
2012	SCC Cabinet considers a feasibility study into different sites for a new heritage facility (but the preferred option is aborted)
February 2014	Formation of a Strategic Heritage Forum (partnership between the SCC, district & borough councils and UoS), which produces a Heritage Strategy for Suffolk
March 2014	SCC Cabinet identifies a preferred option for improving SRO service delivery through a partnership between the SRO and UoS (i.e. The Hold). Project development for the new heritage facility commences.
January to October 2015	Numerous stakeholder engagement sessions, surveys, workshops and presentations to understand the viability and demand for the facility
July 2015	SCC Cabinet approves investment of £5 million in The Hold scheme.
November 2015	HLF Stage 1 Application (successfully) submitted
May 2016 - present	Development of HLF Stage 2 Application

The forward plan for the project includes several significant milestones, either as part of the *Development* or the *Delivery Phase*. While the development phase revolves around the development of the design and the submission of the HLF Stage 2 funding application, the delivery phase focuses on construction / fit-out of the new facility as well as the implementation of the Activity Plan. These key tasks, and corresponding timelines, are outlined in the full project plan provided separately.

4 Strategic Background

This section reviews the project objectives and outcomes, including the ways in which The Hold fits into the broader strategic context (at local and regional level).

4.1 Project outcomes

As outlined in the HLF Stage 1 application, The Hold will deliver a range of outcomes that will make a positive difference for *heritage*, *people* and *communities*. These are fully described in the Activity Plan that has been developed in harness with this Business Plan, so are not fully repeated here.

In summary, The Hold will result in:

Heritage

- Better management of archive collections
- Better collections care
- Better interpretation of collections
- Better identification and accessibility of archives

People

- Development of skills
- Improved heritage-based learning
- Improved attitudes towards archives
- Increased public enjoyment
- Increased volunteer time

Communities

- Increased engagement
- Improved community regeneration
- Benefits to the local economy
- Improved organisational resilience
- Reduction of harmful environmental impact

4.2 Strategic Context

This section highlights the strategic context within which The Hold has been conceived. Fourth Street conducted a review of the key strategic documents that have shaped the development of the facility. We note these briefly below.

4.2.1 Economic

The Hold project will enable many broader economic objectives and strategies to be met, including:

- **Turning our town around: The Vision for Ipswich** (Ipswich Borough Council, 2015). The Ipswich Vision is designed to revive the town centre and regenerate Ipswich to be a 'waterfront town'. The Hold has been identified as one of the key projects essential to help regenerate the town and revitalise the Waterfront.
- **Suffolk County Council Business Plan** (2016-2017). The Hold will support a number of the key priorities outlined in the County Council's Business Plan, including: supporting the Local Enterprise Partnership to promote economic growth and increasing educational attainment. A new SCC Business Plan is pending and will be reviewed on publication to ensure that the project continues to reflect and align with its priorities.
- **Suffolk Growth Strategy** (Suffolk County Council, 2013). The strategy sets out the approach by Local Authorities to achieve economic growth and prosperity in Suffolk by 2018. A key element of this – to attract investment in principal economic growth locations – will be realised through the development of The Hold, a large capital project built on the Ipswich waterfront as part of a broader regeneration project.
- **New Anglia Local Enterprise Partnership Cultural Strategy** (2016-2022). The Hold is one of the key projects outlined in this strategy, and is seen as a means to further economic growth through maximising unique cultural assets and opportunities.
- **New Anglia Local Enterprise Partnership Strategic Economic Plan** (2014). The plan sets out the ways in which the region can harness sector strengths and natural assets. The Hold is a key project in furthering the cultural and heritage sectors in Suffolk and the wider region.

4.2.2 Heritage

In addition to these strategies, The Hold also aligns with several broader cultural and heritage strategies, including:

- **The Hold Activity Plan**. This is a programme of county-wide activities to be run alongside the development of The Hold, using historic maps in SRO's collections as a starting point for uncovering stories about the people, places and events of Suffolk. It is designed to promote the significance of the SRO and its collections and to engage people throughout Suffolk in the story of the county.
- **Suffolk Heritage Strategy** (2014). The strategy is designed to conserve and enhance Suffolk's heritage whilst maximising its impact. The Hold as a new facility will help support this aim, including the discrete heritage priorities of: economic growth; community engagement and learning; and heritage protection and enhancement. The Hold is also an outcome of some of the core actions, such as: developing a 'centre of excellence' for heritage; developing partnerships to

‘add value’ to Suffolk’s heritage resource; enhancing and promoting Suffolk’s heritage; and creating a solution for the Suffolk Record Office’s storage needs.

- **The objectives of the East of England Regional Archive Council** to promote the preservation of archives and encourage and facilitate access to archives, particularly for purposes of research and learning.
- **The National Archives - *Archives Unlocked, Releasing the Potential 2017*** vision and plan will be delivered by The Hold project as it will deliver the best possible physical and digital archive for the people of Suffolk, opening them up to all enriching Suffolk, regional and national society intellectually, culturally and economically. Mapping Suffolk Stories and the other outreach activities will expand contemporary collecting and ensure the archives reflect the whole of Suffolk society strengthening trust.

5 Project Details

This section details some of the key factors that will influence the operation of The Hold facility and the proposed services delivered by the SRO across the county. They include the design principles and spatial requirements for The Hold, and the activity programme for The Hold and the SRO more widely. These aspects of the project are crucial as they help to inform the financial model (Section 7).

5.1 Activity Plan

The Activity Plan is a core element of the HLF application and has also helped to inform the operational and financial sections of the business plan. The programme focuses on the entire SRO service, including its three inter-dependent facets of *physical services*, *community services* and *virtual services*.

The formulation of the Activity Plan in the Development Phase includes testing the *Mapping Suffolk Stories* (MSS) agenda, with pilots commencing in 2017 across the county. Pilot activities testing elements of the wider Activity Plan, beyond MSS, are also progressing over the summer. The broad aim of the programme is to further the use of SRO archives and increase knowledge and appreciation of Suffolk's history and heritage, especially among target audiences. Moving forward, the programme will need to consider how The Hold as a new facility will help deliver the programme in detail.

Based on the June 2017 draft of the Activity Plan, the public events programme of The Hold – after opening – proposes the following activities, amongst others:

- A range of exhibitions, including at least 2 per annum that are 'co-created' with local communities, one that is self-curated by the SRO and one 'blockbuster' that is hired or borrowed from external partners
- Tours of the building, including previews of temporary exhibitions
- Adult lecture programmes, which can be linked to the exhibitions or specific collections
- Artists' programme, to work with the archives and collections
- A 'teach the teachers' INSET programme for primary and secondary school teachers
- An assertive programme of digital interpretation and outreach

5.2 Conservation and Management & Maintenance Plans

In addition to the Activity Plan, the project will be guided by collections care and management strategies, as well as estimated costs, to be outlined in a *Management & Maintenance Plan* as well as a *Conservation Plan*. These strategies are a core component of the project due to The Hold's standing as the new headquarters of the SRO, and its responsibility for the majority of the SRO's collections.

The Management and Maintenance Plan details the long-term care arrangements for the collections and the new building, as well as associated costs. In addition, the Conservation Plan will focus on conserving the SRO collections through preventive conservation and digitisation, as well as remedial conservation (e.g. active repair).

5.3 Design Principles

The key objectives for The Hold – as defined in the client brief to the design team – are to provide a tangible, accessible physical presence for the collection, interpretation, gathering and study spaces, which in turn will improve the SRO’s services and engage communities across Suffolk.

As such, the new (and unique) heritage facility will include state-of-the-art storage and public access facilities for the archive and local studies collections held by the SRO, the archives, and reference materials held by the SCCAS and the Suffolk Biological Record, as well as higher education teaching spaces.

Importantly, however, The Hold facility will adhere to the following design principles:

- Meet relevant standards for the storage and exhibition of archival material (note: this is key to obtaining Archive Service Accreditation from The National Archives).
- Flexibility to allow ICT changes as technology develops.
- Inclusive designs for the functionality and effective use of the building.
- Community use, for reading, research and ability to use areas of the building outside the normal opening hours, for learning events, meetings, film shows, theatre etc.
- Excellent environmental design to ensure the SRO is fit-for-purpose for the longer term.
- Safe, secure, flexible and sustainable design.
- Areas around the building to be an extension of the building creating spaces and a sense of place, contributing positively to the townscape of Ipswich and the connectivity of the building with other properties in the area and the waterfront.
- Use of accepted guidelines as a guide to achieving satisfactory and appropriate levels of facilities.
- Secure storage and the ability to expand if required.
- A sense of public gathering allowing it to be a viable source of activity for the public.

5.4 Spatial requirements

The building components to be incorporated within The Hold, and proposed area schedule, are outlined below.

5.4.1 Building components

The design team (Pringle Richards Sharratt) have adhered to the principles outlined above in section 5.3 by creating a facility that will include the following components and services (note: the list below does not consider the specific design of spaces in terms of adjacencies, sequencing, etc.):

- Conservation and collections facilities, to ensure there is appropriate collections care, processing, accessibility and maintenance
- Strong rooms to accommodate existing and incoming collections from the SRO

- Digitisation facilities
- ICT equipment
- Teaching and learning facilities, including:
 - Purpose-built education room
 - Fully-equipped learning / seminar rooms
- Reception area with other amenities (such as toilets, cloakroom, locker area)
- Office space for staff and volunteers
- Searchrooms for public use
- A café and retail offer to encourage people in to the building and to stay longer
- A multi-purpose auditorium to be used for education purposes and other events
- Flexible display and exhibition space throughout to showcase the collections and temporary exhibitions, including an area that meets government indemnity scheme criteria enabling collections to be borrowed from elsewhere and Suffolk's archaeological finds to be displayed

5.4.2 Proposed area schedule

The facility is designed across two levels, with the plant located in a separate loft-level enclosure. The total floor area is distributed as follows:

Figure 8: Proposed Area Schedule, The Hold

FUNCTION	Area (sqm)	% GIA
ANCILLARY	853 sqm	19.7%
ARCHIVES/COLLECTIONS	1,730 sqm	39.9%
COMMERCIAL	129 sqm	3.0%
EDUCATION	521 sqm	12.0%
EXHIBITION	125 sqm	2.9%
NET USEABLE AREA	3,358 sqm	77.4%
PLANT & CIRCULATION	979 sqm	22.6%
GROSS INTERNAL AREA	4,337 sqm	100.0%

6 Market Analysis

6.1 Introduction

As part of the Stage 1 HLF Application, *Julia Holberry Associates (JHA)* completed a market appraisal that examined the existing users and potential markets for The Hold, as well as the projected number of visits for the new facility.²

Fourth Street has carried out its own (complementary) market analysis for the Stage 2 HLF Application, not to replace or supersede the work undertaken by JHA, but to re-test the plausibility and realism of key variables that relate to the financial model, including – but not limited to – the projected number of visits.

As the financial model (Section 7) covers the entire SRO service, the projections include *all* visits to the SRO branches, including not only The Hold, but also visits to the Bury and Lowestoft branches. For the purposes of this study, we assume that the existing on-site visits to Bury and Lowestoft will *increase by 30%* after the establishment of The Hold.³

The table below shows the total number of projected visits to the SRO service, which is forecast to be approx. 37,800 at Year 1 of operation. This figure includes projected visits to The Hold, which, according to the *JHA* study is forecast to attract **24,200 visits at Year 1 of operation**.⁴

Figure 9: Total Projected Visits, Year 1 of Operation

Branch	Projected visits (Year 1)
The Hold	24,200
Bury Record Office	9,800
Lowestoft Record Office	3,800
TOTAL SRO VISITS	37,800

Note: The projections include visits to the searchroom as well as events / activities on-site.

However, for the purposes of this market analysis, we have only tested the feasibility of the projected visits for The Hold (i.e. 24,200), as it is a new facility. This figure is less certain and needs to be subject to more rigorous testing and analysis as it informs business planning downstream.

This market analysis consists of the following components (with consideration given to the *JHA* market appraisal and findings):

² For the purposes of this study, a visit equates to any individual (i.e. visitor) that physically enters the facility. It does not include virtual / online users. Please note, one *visitor* can make multiple *visits* over a period of time.

³ A 30% uplift prediction is based on research by Elizabeth Oxborrow-Cowan (for the Archives & Records Association) in 2012, indicating that major capital investments in archives generate a 30-50% increase in visitor numbers

⁴ This analysis excludes the estimated 12,000 students that are forecast to attend The Hold facility for lectures. Therefore, for business planning purposes, projected visits to The Hold totals 24,200 (not 36,200).

- **Market Context** – an overview of the current visitor and participation trends for relevant cultural and heritage sectors.
- **Market Demand Analysis** – an assessment of the scale and characteristics of potential market segments for The Hold, including residents and the tourist market.
- **Market Supply Analysis** – a review of comparable visitor destinations across the UK as well as competing local attractions.
- **Penetration Rate Analysis** – testing the plausibility of achieving 24,200 visits by calculating the number of visitors (based on an average repeat factor) and then mapping the visitor numbers onto the market segments.

6.2 Market Context

Fourth Street explored some of the macroeconomic participation trends for relevant cultural sectors, including libraries, archive services and record offices. The availability of quantitative visitor data and statistics for these areas is scarce. As such, much of the data is gleaned from qualitative sources such as surveys and interviews.

The Arts Council England (ACE) *Taking Part* survey (for April 2014 to March 2015)⁵, which is also referenced in the *JHA* study, looks at the participation rates of households in various cultural sectors. The survey finds that, since 2005-06, there has been an overall increase in arts and cultural engagement, driven by increases in visits to heritage sites as well as museums and galleries.

However, these increases have not been reflected in allied cultural organisations such as public libraries or archive services. In terms of engagement with archive services, the following findings were identified:

- The proportion of adults who visited an archive service in the last year (3%) has halved from 2005-06 levels (6%). This includes leisure visits, voluntary work, paid visits or academic visits.
- The majority of visits (c.80%) were made by individuals using their own leisure time, with the 65 to 74-year-old age group comprising the highest proportion of visits.
- Adults from higher socio-economic groups had a significantly higher attendance rate than those in lower socio-economic groups.
- From a more localised perspective, the proportion of adults from the East of England Region visiting an archive service in the past year was one of the lowest across the country. Participation was lower than several other regions, including London, South East, West Midlands and Yorkshire & Humberside.

Furthermore, recent surveys of visitors to UK archives, conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA)⁶, examine the visitors' frequency of use. Findings of recent surveys from 2007 demonstrate that although most visitors have previously visited an archive service, these numbers

⁵ Taking Part 2014/15 Quarter 4 statistical release, Department for Culture Media & Sport (June 2015)

⁶ Survey of Visitors to UK Archives, Benchmarking Report; The Chartered Institute of Public Finance and Accountancy (2007; 2009; 2011; 2014)

have remained relatively constant over time. The critical metric has been the frequency of use by *first time visitors* to archives, which has consistently decreased over time (see Figure 10). This demonstrates a decrease in the number of people who are new to archives, and indicates that the overall audience for archive services is declining.

Figure 10: UK Archive, Frequency of use (first time visits)

	2007	2009	2011	2014
First time visit to an archive service	25%	23%	20%	17%

Source: CIPFA, Survey of Visitors to UK Archives

Examining this data on a regional level reveals more localised visitor trends for archive services in the East of England in comparison to the rest of the UK. According to Figure 11, between 2007 to 2011, most regions experienced a *decline* in first time visits to archive services. Interestingly, however, the Eastern region received the fewest number of first time visits to archive services, which indicates a smaller audience base in the market that serves the Suffolk Record Office.

Figure 11: UK Archive, Frequency of use by region (first time visits)

Region	2007	2011
Yorkshire & Humberside	28%	30%
North East	31%	27%
East Midlands	25%	26%
South East	23%	24%
South West	25%	24%
West Midlands	19%	22%
North West	21%	18%
London	34%	16%
East	20%	16%

Source: CIPFA, Survey of Visitors to UK Archives

Finally, when exploding this data into first time visits for the SRO branches at Bury and Ipswich, a similar trend is exposed. Since 2009, the number of people that are new to archive services has declined from 18% (2009) to 16% (2014). This diminishing audience base is most keenly felt in Ipswich.

Figure 12: SRO Archive, Frequency of use (first time visits)

Suffolk Record Office	2007	2009	2014
Bury	17%	13%	13%
Ipswich	18%	23%	19%
Average Total	18%	18%	16%

Source: CIPFA, Survey of Visitors to UK Archives

However, the picture is not as gloomy as may first seem. In parallel to the decreasing market and number of first-time visitors to UK archive services, the number of ‘virtual’ visits to online archive services (i.e. websites) has steadily increased. In fact, the ACE *Taking Part* survey reports that “a higher proportion of adults visited an archive or records office online than in person.” Compared to the 3% of adults who visited an archive service in the past year (mentioned above), around 11% of adults had visited an archive or records office website during the same timeframe. This demonstrates that although the number of physical visits has declined, the overall level of access to archive services, through digital means, may not be as affected. It also shows the increasing importance of archive services providing an adequate digital offer on-line to complement its physical offer on-site.

6.3 Market Demand Analysis

Fourth Street undertook a complementary demographic analysis of the potential visitor markets for The Hold, which was informed by the findings of the JHA study. This included an analysis of the following core visitor segments:

- Resident Market
- Tourist Market (i.e. overnight staying visits)

6.3.1 Resident Market

Residents are considered at varying ‘distances’ from the location of The Hold, starting with those living within the town, then expanding outwards (see Figure 13). A layered approach, beginning with the most immediate local authority and working out to a national level, has been used to assess the resident population. This includes the following:

- Level 1: Ipswich
- Level 2: Catchment Area (40km radius from site)
- Level 3: Suffolk
- Level 4: East of England
- Level 5: United Kingdom

Figure 13: Estimated Resident Populations

Level	Location	Population
Level 1 (Town)	Ipswich	135,600
Level 2 (County)	Suffolk	741,900
Level 3 (Catchment Area)	40-kilometre radius	834,200
Level 4 (Region)	East of England	6,076,500
Level 5 (Country)	United Kingdom	65,110,000

Source: ONS Mid-Year Estimates (2015); <https://www.freemaptools.com/find-population.htm>

From this analysis, we take, as the ‘resident market’, the populations living within Suffolk (as the SRO is a county-wide service), paying particular attention to the Ipswich population (where The Hold will be located).

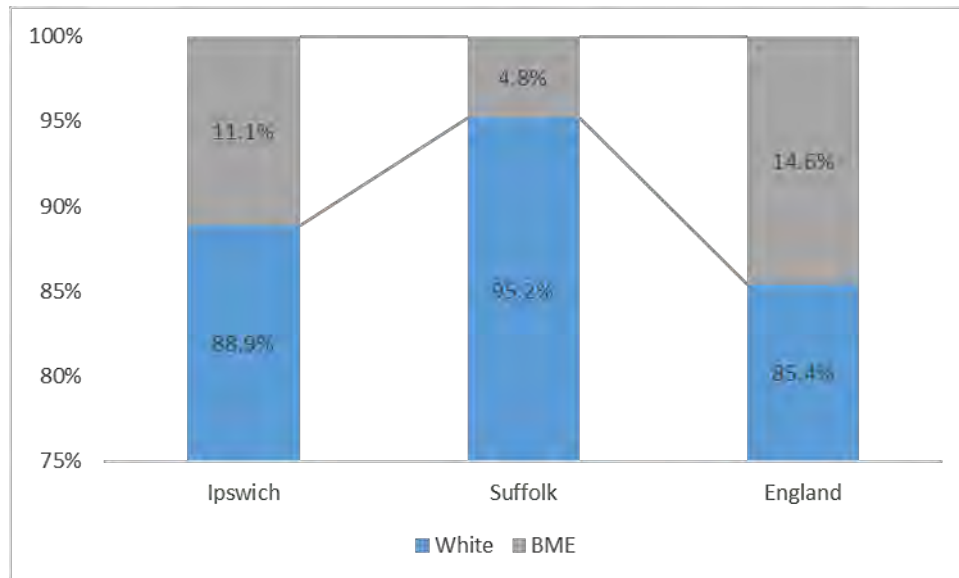
Demographic Analysis

This section outlines the population profile of the resident market, setting out the socio-economic context within which The Hold will operate in comparison to the national picture. Informed by the findings of the JHA report, a separate demographic analysis was conducted by Fourth Street, which identified the following characteristics:

- The population of Ipswich broadly matches the national average age, albeit slightly younger, with an average age of 38.4 (compared to 39.3). Conversely, the Suffolk population is slightly older than both Ipswich and England, with an average age of 41.7. In addition, Ipswich has a noticeably higher proportion of working-age adults (16-64 years) compared to Suffolk, but a much higher proportion of elderly residents over 65 years.
- The populations of both Ipswich and Suffolk are less ethnically diverse than the rest of England (see Figure 14). Approximately 89% of the Ipswich population and 95% of the Suffolk population are ethnically ‘white’, both of which exceed the national average of approx. 85%.
- In terms of economic profile, there is more of a contrast between Ipswich and Suffolk residents when compared to the national average (see Figure 15):
 - The Ipswich population is under-represented within the top ‘ABC1’ social grades and over-represented within the lower ranked ‘C2’ and ‘DE’ grades.
 - The Suffolk profile is more closely aligned with the national average (albeit slightly lower within the ‘ABC1’ grades). When compared to Ipswich, however, Suffolk has a different economic profile, with higher proportions of ‘ABC1’ residents and lower proportions of ‘DE’ residents.

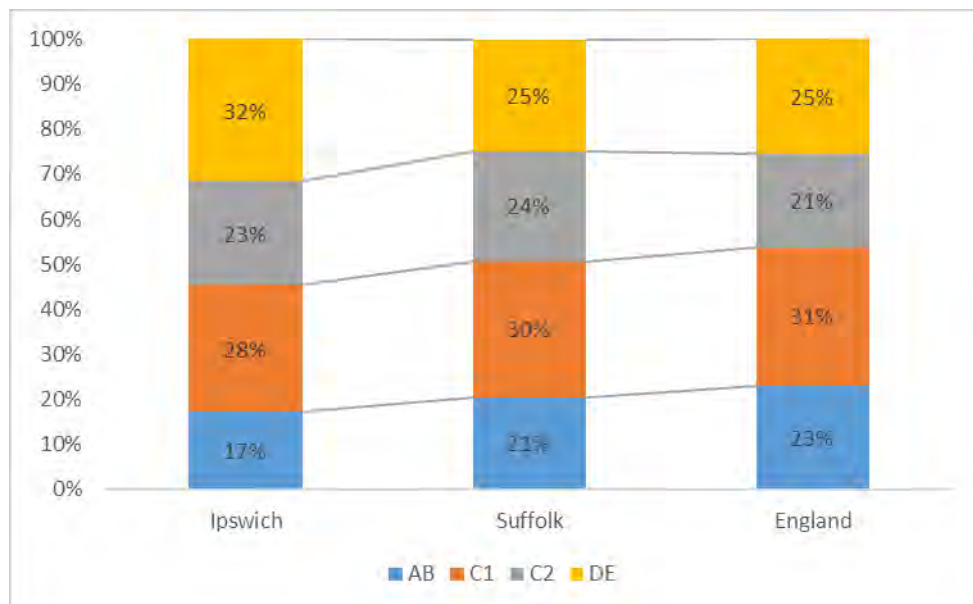
In general, the profiles of both Ipswich and Suffolk are typical of locations outside major metropolitan centres, which tend to be homogenously white of a lower socio-economic standing. However, the contrast between the locations is also important to consider, as it reflects the general differences between urban (Ipswich) and rural/coastal (Suffolk) locations. Namely, Ipswich is a younger, less homogenously white and less affluent population than the rest of Suffolk.

Figure 14: Ethnicity



Source: 2011 Census

Figure 15: Social Grade



Source: 2011 Census

Another important consideration from JHA's study is the level of audience engagement with arts, heritage and culture. According to an ACE *Audience Spectrum* report, which considers the likelihood that Suffolk residents will visit museums and other cultural venues, the study found that:

- When compared to the national average, the Suffolk population is under-represented for those 'highly engaged' segments.

- Suffolk residents tend to be over-represented for those segments that indicate ‘some level of engagement’.
- The proportion of residents ‘not currently engaged’, however, broadly aligns with the national average.

These findings align with the demographic profile of Suffolk residents detailed above, as the less ‘culturally engaged’ populations typically exhibit lower socio-economic characteristics. These are important insights that help to inform our understanding of the potential visitor market for The Hold, as the lower the proportion of a ‘culturally engaged’ audience, the lower the propensity to visit museums, galleries and other key cultural attractions.

Penetration Rate (Demand)

For the purposes of this study, we have also included the population living within a 40-kilometre radius of the facility, which research detailed in the JHA report suggests is the average distance currently travelled by visitors who use the main Ipswich Record Office⁷. When this figure – 834,200 – is measured against the projected annual visits (at Year 1 of operation) of 24,200, the projected market penetration rate is set at c.3% (see Figure 16).

As outlined in the JHA study, and in Section 6.2 above, only 3% of people are likely to engage with archives directly (rather than remotely). Therefore, in terms of market demand, the projected number of visits for The Hold is indeed reasonable and based on rational assumptions, as the penetration rate closely aligns with the published research.

Figure 16: Market Penetration Rate

Level	Location	Population	Projected visits (Year 1)	Penetration rate
Level 3 (Catchment Area)	40-kilometre radius	834,200	24,200	2.9%

The penetration rates for The Hold are further analysed in the Market Supply Analysis in Section 6.4 below.

Virtual & Digital Demand

Another consideration, over and above projected ‘physical’ visits to the site, is the number of ‘virtual’ visits to the Suffolk Record Office website. Not only will The Hold include a new, fit-for-purpose facility for the SRO, but it is already supported by a new SRO website (launched in March 2016).

Digital / virtual services are an increasingly important operational component for archives and record offices. As outlined in Section 6.2 above, a higher proportion of adults visited an archive or records office *online* than in person. As such, although physical visits are an important variable for financial modelling purposes, we should not discount the number of ‘virtual’ visits and the potential they have for commercial transactions as well as encouraging more physical visits. As mentioned above, around 11% of

⁷ Survey of Visitors to UK Archives 2014, Benchmarking Report, The Chartered Institute of Public Finance and Accountancy (October 2014).

adults had visited an archive or records office website in the last 12 months (compared to 3% of physical visits). When this percentage is applied to the catchment area population of 834,200, the 'digital' penetration rate is set at approx. 88,000 visits.

This figure broadly aligns with the current number of website users (estimated at 87,000). However, the projected number of website visits, in Year 1 of operation, is assumed to increase by 130% to 200,000. This seems like a reasonable projection, especially as The Hold's virtual and digital programming evolves, particularly the *Mapping Suffolk's Stories* activity. Furthermore, an increase in website visits can also be expected as more of the SRO's collections are digitised and made available to remote users.

6.3.2 Tourist Market

Domestic tourists

The domestic tourist market (i.e. overnight staying visits) is not forecast to comprise a large proportion of visits, with initial projections at approx. 10% of total visits in Year 1 of operation⁸.

Figure 17 below categorises overnight domestic tourists to Ipswich, in terms of volume and value, according to the main purpose of travel: Holiday, Visiting Friends or Relatives (VFR) or Business. Overall, looking at the 3-year average from 2013-2015, an average total of 260,000 annual trips were made to the area, resulting in around 670,000 nights stayed and total spend of £36 million.

Figure 17: Domestic Overnight Tourism, Ipswich (3-year average, 2013-2015)

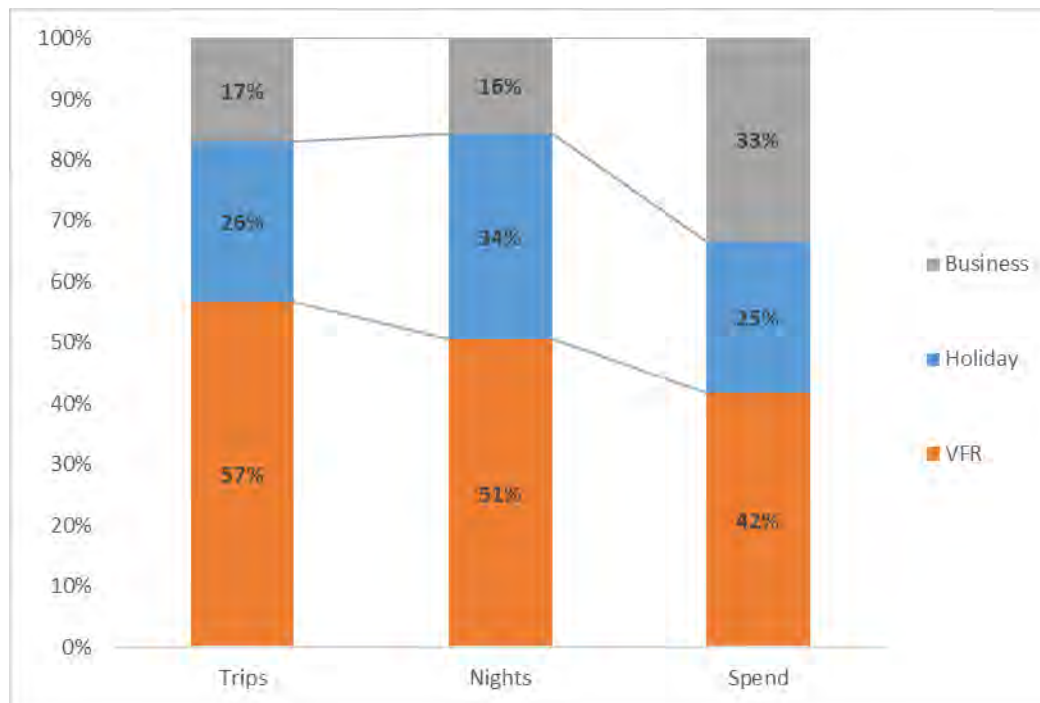
Location (in millions)	All Tourism			Holiday			VFR			Business		
	Trips	Nights	Spend	Trips	Nights	Spend	Trips	Nights	Spend	Trips	Nights	Spend
Ipswich	0.26	0.67	£36	0.07	0.23	£9	0.15	0.34	£15	0.05	0.10	£12
Percentage of all tourism	100%	100%	100%	26%	34%	25%	57%	51%	42%	17%	16%	33%

Source: Great Britain Tourism Survey, 2015

The distribution of domestic tourists to Ipswich (see Figure 18) shows that most overnight trips were for VFR purposes (57%), with around a quarter (26%) visiting for a holiday and 17% travelling for business. Subsequently, the number of total nights spent (51%) and total expenditure (42%) can also be predominantly attributed to VFR tourists.

⁸ We exclude the 'day visitor' catchment, as this segment is incorporated into the resident market (detailed in Section 6.3.1).

Figure 18: Distribution of Domestic Overnight Tourists, Ipswich (3-year average, 2013-2015)



Source: Great Britain Tourism Survey, 2015

Understanding the primary motivation for domestic tourist visits to Ipswich – visiting friends and relatives – provides us with useful insights into the tourist market for The Hold. Anecdotally, VFR tourists tend to participate in similar activities as their hosts, or local activities recommended by their hosts. Therefore, for The Hold to attract a greater number of domestic tourists, it needs to first establish itself as a popular attraction for local residents and this has an important bearing on the way in which The Hold develops its programming, for example through exhibitions and events. Therefore, it is reasonable to assume that tourists will not comprise a significant proportion of overall visits to The Hold in Year 1, as the facility will – initially at least – be competing against other, more established attractions in the area.

Overseas tourists

Inbound tourism to Ipswich (from outside the UK) is calculated by the annual *International Passenger Survey*, conducted by the Office for National Statistics. Over the past three years (from 2013 to 2015), an average of 71,000 overseas tourists visited Ipswich. For the purposes of this study, we assume that each tourist undertakes a single visit to Ipswich once per year – therefore, the 71,000 also denotes the number of annual visits.

Overall, when counting both domestic and overseas tourists, the total tourist market equates to 331,000 annual visits.

6.4 Market Supply Analysis

Fourth Street has also undertaken a supply analysis, which includes a review of comparable destinations across the UK as well as locally competing attractions, to assess whether the projected forecasts of 24,200 visits is a reasonable assumption.

6.4.1 Comparators Analysis

Informed by the findings of the *JHA* study, Fourth Street conducted a complementary analysis of comparable destinations across the UK, including archives, record offices and history centres. The number of annual visits for 6 destinations across the UK was examined, including projected figures for The Hold, to compare the penetration rates (see Figure 19 and Figure 20)⁹.

Similar to the Market Demand Analysis (Section 6.3), the penetration rates were calculated by comparing the total visits for each destination against the relevant catchment area, based on the population within a 40-kilometre radius (as described above).

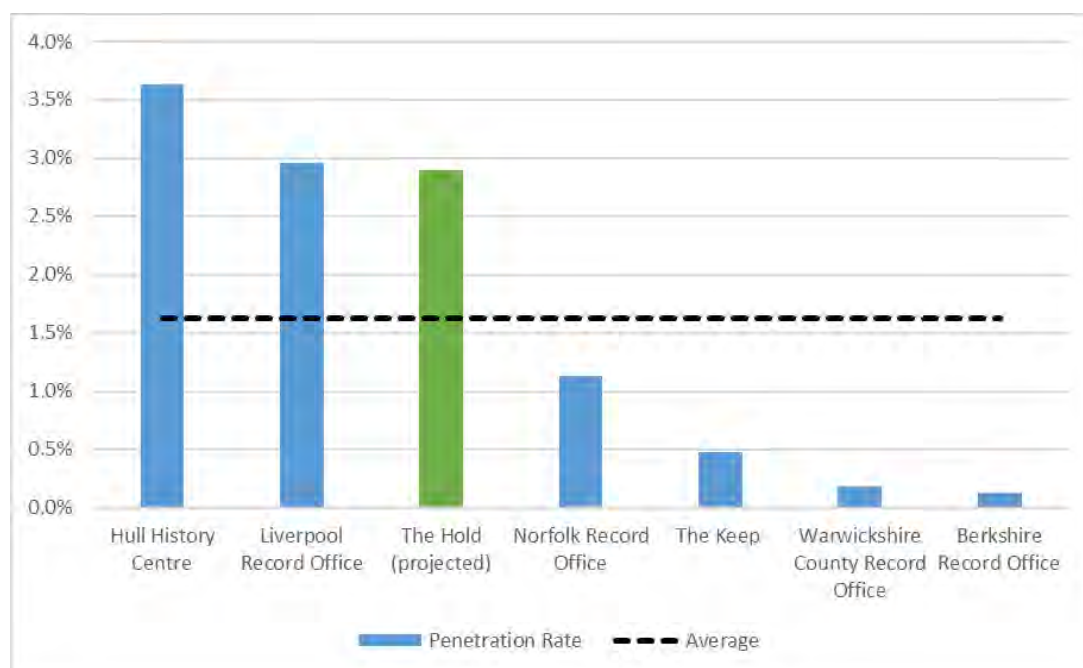
Figure 19: Destination Comparators

Destination	Location	Catchment Area Population (40km radius)	Annual Visits	Penetration Rate
Hull History Centre	Hull	880,200	32,000	3.6%
Liverpool Record Office	Liverpool	2,944,900	87,000	3.0%
The Hold (projected)	Ipswich	834,200	24,200	2.9%
Norfolk Record Office	Norwich	799,300	9,000	1.1%
The Keep	Brighton	1,406,600	6,750	0.5%
Warwickshire County Record Office	Warwick	2,799,000	5,085	0.2%
Berkshire Record Office	Reading	2,559,174	3,306	0.1%

Note: The penetration rates for Warwickshire, Berkshire and the Keep appear extremely low due to their proximity to major metropolitan centres.

⁹ The Greater Manchester County Record Office was excluded from the study, as it includes visits to its Central Library, which skews the data and makes it difficult to compare 'like-for-like' with The Hold.

Figure 20: Destination Comparators, penetration rate



Based on these comparisons, the projected penetration rate of c.3% for The Hold is marginally above the average rate of c.2%, yet close enough to suggest that it is a reasonable figure. In addition, the penetration rate is more closely aligned with Hull History Centre and Liverpool Archives – two comparable destinations that have been recently transformed by large capital projects. We are confident that the projected number of users for The Hold stands scrutiny when compared with similar facilities.

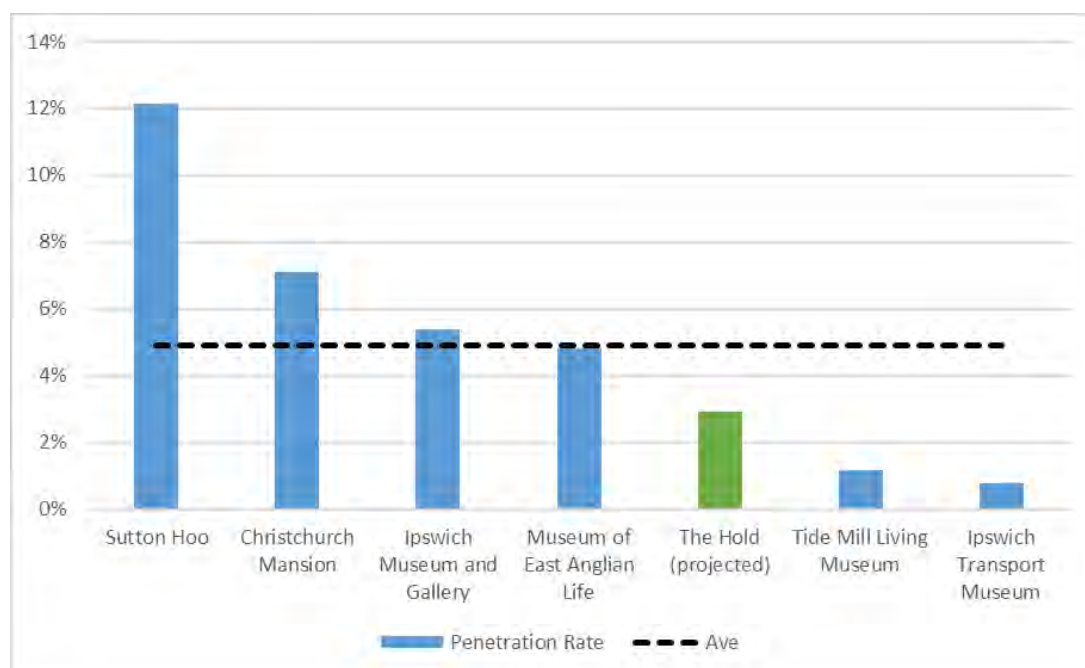
6.4.2 Local Competitors

For completeness sake, we also undertook an analysis of some local competing destinations across Ipswich that compete for the leisure time of the resident market¹⁰. Similar to the comparator analysis above, we measured the penetration rates for each destination against the relevant catchment area (i.e. 40-km radius).

According to Figure 21, The Hold's penetration rate (3%) is slightly less than the average of 5%. This is again a reasonable and expected, as The Hold is not strictly a leisure / tourist destination like some of the other local attractions. It performs many other crucial educational and historical functions, which may limit its appeal to the 'highly engaged' cultural audience and exclude those that are less culturally engaged. Therefore, it is realistic that the penetration rate is lower than the average.

¹⁰ A destination is defined as 'local' according to its postcode, with only 'IP' addresses included (the postcode for Ipswich).

Figure 21: Local Competitors, penetration rate



6.5 Visitor Projections

6.5.1 Introduction

It is impossible to predict the future perfectly and market forecasting for visitor attractions is no exception. With places such as supermarkets, gyms and cinemas, the offer is sufficiently standardised and well understood that forecasting is basically a matter of taking the known performance of sister establishments and applying local demographic and socio-economic data and travel time information. These are standardised, 'commodity' products where future footfall can be very accurately predicted.

Tourist and heritage attractions are different. These destinations are, almost by definition, unique and there is no formula or algorithm that can predict future throughput with a similar level of accuracy.

Fourth Street has many years' experience of providing visitor projections for a wide range of cultural and heritage destinations. We use the following methodology which we believe is more appropriate; rather than beginning with an assessment of the market and approaching the projection through a traditional 'penetration rate analysis' – which is inherently risky and fails to embrace the sensitivities that can affect the number and mix of visitors – we begin from the other end of the spectrum. We start with a projection for the number of visits (here informed by the findings of the JHA study) and work backwards to establish the resulting penetration rates for each market segment outlined above. We then use these penetration rates to gauge the plausibility of the original projection.

Although we take a number of factors into account when making that original ‘guess’, there is no question that the single most important indicator of an attraction’s future throughput is the historic performance of comparable attractions within a similar context.

The comparator and competitor analysis described above in the supply analysis provides the best indication of the broad number of visits that can be expected. It is reasonable, for example, to assume that a new, state-of-the-art heritage facility will attract as many visits as comparable destinations across the UK.

Likewise, we would not expect The Hold to outperform the more established, leisure-oriented, competing attractions across Ipswich. This effectively sets the range within which we can reasonably expect the new facility to perform.

6.5.2 Penetration rate analysis

The projection of 24,200 visits has been tested for plausibility by building a ‘*penetration rate analysis*’ (Figure 22). This analysis maps the visitor numbers onto the market segments to ensure that the projection is realistic considering the available catchment. In formulating the projections, we have considered the following:

- The vast majority of visits (82%) will come from the resident market (i.e. Ipswich and Suffolk).
- 10% of visits will come from the tourist market (both UK and overseas).
- 9% of visits will come from the education market, including primary, secondary and University (excluding the 12,000 students that will visit the auditorium for lectures).

These projections, when examined against the market size, show that the *penetration rates* are reasonable and consistent with the analysis throughout this section. For example, the penetration rate for residents (2.7%) and the education market (3.6%) broadly aligns with the research outlined above that roughly 3% of people are likely to engage with an archive service directly. We would also reasonably expect that the tourist penetration rate (c.1%) will remain relatively low, at least initially, as The Hold is competing against more established tourist attractions across Ipswich. Therefore, the average penetration rate of c.2% across all markets is a relatively conservative, if not prudent, figure.

Figure 22: Penetration Rate Analysis, The Hold (Year 1)

Market Segment	Market Size (estimate for 2021-22)	Visitors (Year 3)	Ave Repeat Factor	Penetration Rate	Projected visits (Year 3)	Split
Resident visits						
<i>Ipswich</i>	135,600	6,300	1.5	6.9%	9,400	60%
<i>Rest of Suffolk</i>	606,300	5,200	1.2	1.0%	6,200	40%
Total resident visits	741,900	11,500	1.4	2.1%	15,600	80%
Tourist visits						
<i>Domestic tourists</i>	260,000	1,600	1.0	0.6%	1,600	80%
<i>Overseas tourists</i>	68,000	400	1.0	0.6%	400	20%
Total tourist visits	328,000	2,000	1.0	0.6%	2,000	10%
Education visits						
<i>Primary</i>	30,400	900	1.0	2.9%	880	44%
<i>Secondary</i>	28,100	700	1.0	2.3%	650	33%
<i>UoS students (Ipswich & New College Campus)</i>	7,500	400	1.3	6.7%	500	23%
Total education visits	58,500	2,000	1.0	3.4%	2,000	10.0%
TOTAL	1,128,400	15,500	1.3	1.7%	19,500	100%

The table above makes the clear distinction between ‘visitors’ (i.e. numbers of individuals that enter the site) and ‘visits’ (i.e. the number of total entries). The Business Plan considers the total number of *visits* only. However, we have calculated in the *average repeat factor* to forecast the number of visitors (i.e. individuals) that will use the facility – in a physical sense – in Year 1 of operation.

An analysis of this repeat factor considers the following:

- The **resident market** is more likely to undertake repeat visits (1.40 per annum), with individuals in closer proximity to the site more likely to engage in multiple visits. This is especially true for archive and collections-based destinations such as The Hold, with individuals generally requiring multiple visits for research and / or educational purposes.
- The **education market** repeat factor is forecast to be only slightly above 1.00, because while University students will likely engage with the SRO collections multiple times, school students will only likely visit the facility once a year as part of a school group.
- Finally, both domestic and overseas tourists are less likely to return to the site, therefore we have applied a repeat factor of 1.00 for the **tourist market**.

6.6 Conclusion

Through a greater understanding of the market context and market segments, we are confident that a well-managed facility with adequate investment in marketing, regular product renewal and strong exhibitions and events programming should attract approximately **24,200 visits per annum** at Year 1 of operation. Not only is this figure achievable, but we view it as a reasonable and conservative estimate.

This is, of course, the projection in the absence of any ‘shocks’ to the market. However, the business plan and financial model has the built-in flexibility to react to fluctuations in the numbers of visits.

Going forward, in order to maintain the number of visits to the facility (or, indeed, any other destination), consideration must be given to a range of factors, including (but not limited to): maintaining effective programming and implementing successful marketing strategies. These are tools by which the SRO should use at its disposable to not only influence the number of visits, but also other visitor-related elements such as dwell time, secondary spend, etc.

7 Financial Analysis

7.1 Introduction

A Financial Model was constructed to inform the development, delivery and launch of The Hold, and detail its impact on the entire SRO service, including the Bury and Lowestoft branches.

Importantly, the financial model focuses on The Hold in great detail, providing in-depth analysis for all significant *income* and *expenditure* items associated with the new facility. To include the associated impacts on the other sites, however, we calculated the financial impact on the existing BRO and LRO accounts (i.e. 2015-16 budgets) by applying a sensible increase or decrease based on future levels of collections, throughput and activities / events.

This section summarises the baseline state of the Financial Model for the SRO, during **Year 3 of operation (i.e. 2021-22)**, which typically reflects a stabilised year, negating the initial (and short-lasting) spike in activity that is often experienced across the first two years of operation following a new launch or major capital project.

The information included in this section is the basis for the projected 6-year cashflow (i.e. 2019-20 to 2024-25), which covers delivery of the project as well as 5 full *legacy* years following the end of HLF funding. The associated cashflow is detailed in Section 7.7 below.

Finally, a competent financial model is only ever a ‘snapshot in time’ and dependent on a wide range of projections and assumptions. It must be regularly revisited and reiterated as new information becomes available and as key assumptions are routinely tested, challenged and validated. Accordingly, the full Excel-based financial model has been specifically constructed such that it can be easily managed, maintained and updated by the in-house SRO team as required.

7.2 Visits, Opening Hours & Seasonality

This section details the key assumptions around visits, opening hours and seasonality for The Hold, as they have a significant impact on financial performance. These assumptions dictate, among other things: the amount of commercial revenue (via level of throughput); the level of staffing required to provide full coverage; the split between fixed and variable costs; and the implied marginal cost to every additional visit above a minimum amount.

7.2.1 Visits

As detailed in Section 0 (Market Analysis), we examined the feasibility of the projected visits for The Hold – as well as BRO and LRO – at Year 1 of operation. However, this assessment only accounted for the initial spike in throughput typically experienced by new destinations. Therefore, Figure 23 outlines the projected visitor profile for the SRO after completion of The Hold, taking into account a small decrease after opening year, followed by stabilisation.

As such, the baseline scenario for the SRO is modelled on **31,700** total visits across all three sites, with The Hold comprising 62% of total visits, followed by Bury (28%) then Lowestoft (11%).

Importantly, for business planning purposes, these figures exclude the 12,000 students per annum that will visit The Hold auditorium for lectures/seminars (unless we have stated otherwise).

Figure 23: Total SRO Visits, Years 1-6 of Operation

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
THE HOLD	24,200	21,800	19,500	20,500	21,000	21,000	21,000	21,000
BRO	9,800	9,200	8,800	9,000	9,200	9,200	9,200	9,200
LRO	3,800	3,600	3,400	3,500	3,600	3,600	3,600	3,600
TOTAL VISITS	37,800	34,600	31,700	33,000	33,800	33,800	33,800	33,800

Note: The projections include visits to the searchroom as well as events / activities on-site.

7.2.2 Opening Hours

The Hold is expected to remain open for some 56 hours per week, irrespective of ‘High’, ‘Medium’ or ‘Low’ seasons. This is a step-change increase from current opening hours that are limited to 35-hours per week and will be enabled through appropriate staff cost allocations, as well trainees and volunteers.

Although the collections-based areas will close on Wednesdays to allow for general maintenance, the facility will still remain open to allow general access to the café, retail and exhibitions space, as well as on-site school visits.

In addition, the facility will open for an additional four hours (until 9pm) on the busier, more socially active student night of Thursday, to cater for university students so they can access the site for the café or other events.

A basic level of additional staff coverage will be required to ensure some spaces can remain open for additional hours on at least one night per week, which will, in turn, incur additional staff costs. The SRO must ensure that, at a minimum, keeping these spaces open results in a ‘break-even’ scenario, whereby the level of revenue generated from the additional opening hours offsets the additional costs.

Parts of The Hold – e.g. the café and the auditorium – have been specifically designed to allow opening hours that are independent of the exhibition, search or storage areas.

The UoS is keen to ensure that the building is accessible as a public space and through route for us long as possible. The design allows for this to happen with minimal additional staff costs or risk to secure areas (e.g. exhibition space, searchrooms, etc.). Discussions are underway to agree the operational details for delivering this.

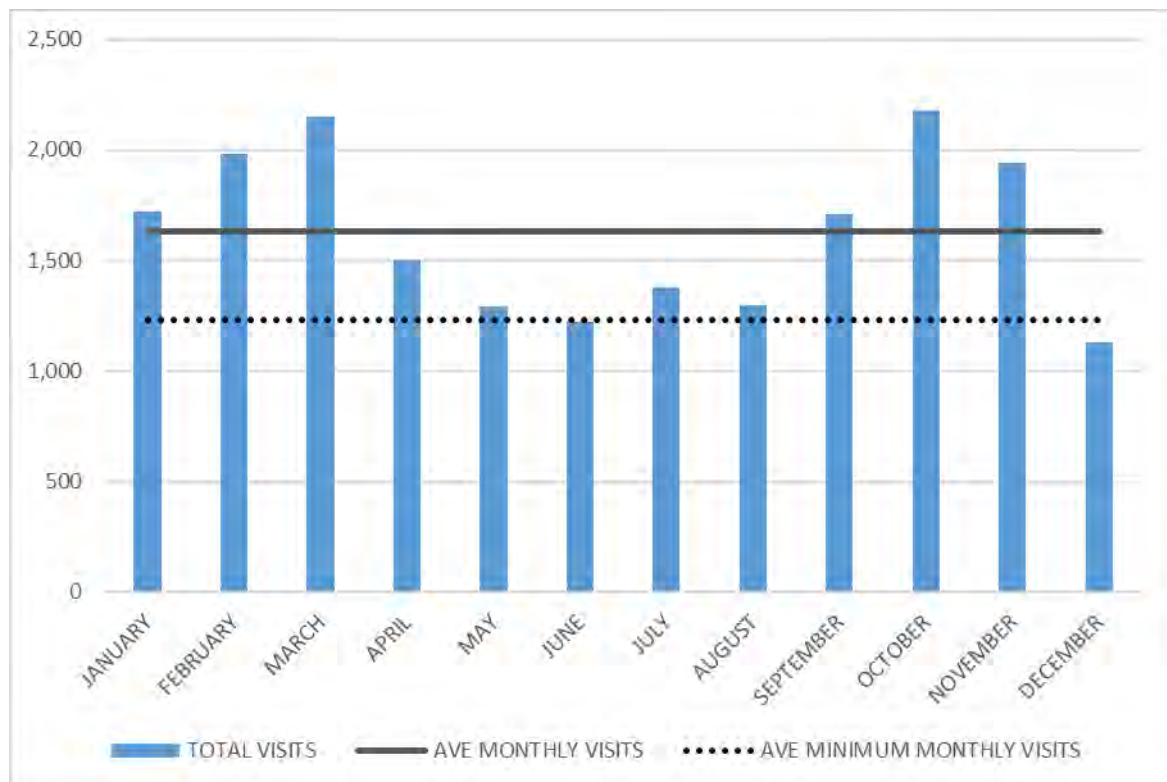
7.2.3 Seasonality

Visitation to The Hold will vary according to ‘High’, ‘Shoulder’ and ‘Low’ seasons. This is based on historical average visitor trends to the existing Ipswich Record Office (supplied by the SRO), which is itself

influenced by the programme of courses, talks, workshops etc which are mainly held Jan-March and Sept-Nov.

Figure 24 estimates the seasonal profile of visitors on a monthly basis. As demonstrated in the chart, visitation peaks around the months during University semesters (February, March, October, November), while the lowest points occur in the summer months when the University is closed.

Figure 24: Seasonal Profile of Visits, The Hold



An important component of the opening hours / seasonality model is an estimate of the projected 'total annual visits' as well as the 'minimum annual visits'. The monthly average for both of these figures have been included in the chart above for comparison.

As detailed above, the average monthly visits to The Hold are based on a projection of 19,500 visits per annum, while the estimate for the 'minimum annual visits' is the annualised visitor projection based on the average number of visits in the four slowest months. The average number of visits across these four months is approximately 1,200, which yields an annualised figure of 14,800.

The purpose of this exercise is to provide a basis for ensuring that some element of the cost base is made variable and linked to the number of visits. In this case, we assume that the fixed cost base is sufficient to host up to 14,800 visits. Every visit above that level is assumed to incur an additional marginal cost per visit.

A benefit of this approach is that the model can adjust for the fact that fluctuations in visitor numbers will have an impact on the cost base and revenue, resulting in a more accurate model that reflects what happens in practice. It also insulates the financial model from the temptation to resolve financial stresses by simply increasing the visitor projection. As the marginal cost of every visit is broadly equivalent to the marginal revenue, there is little to be gained by this.

7.3 Income

The income sources for The Hold, as well as Bury and Lowestoft, are a combination of operating income generated by visitors, as well as fundraising and financial support. Each of these components is discussed below.

7.3.1 Exhibitions

Based on the outline activity plan, the model assumes that an admission charge will apply only to 'Blockbuster' (i.e. large exhibitions), but community events will be free of charge. While we are aware that some of these exhibitions may tour around the county, including the BRO and LRO sites, the model only includes exhibitions scheduled to take place within The Hold. The Hold will borrow or hire one 'blockbuster' exhibition per annum, lasting approx. 6 weeks.

Figure 25: Exhibitions Income, The Hold

	NUMBER	AVERAGE DURATION (WEEKS)	AVERAGE ADMISSIONS (PER SHOW)	TOTAL ADMISSIONS	TOTAL ADMISSIONS (DAILY)	AVE PRICE (NET)	AVE YIELD (%)	TOTAL INCOME
COMMUNITY-LED	2	6	2,100	4,200	50			
CURATED	1	6	3,200	3,200	75			
'BLOCKBUSTER'	1	6	4,200	4,200	100			
TOTAL	4		9,500	11,600				

While issues of accessibility through pricing policy need to be borne in mind, Blockbuster exhibitions have an important role to play in building the The Hold's brand. There is no comparable space in Ipswich to hold touring exhibitions of major archival or heritage material and The Hold would bridge a significant gap. In terms of comparators, they range from free admission in museums, galleries and archives that are otherwise supported through grant-in-aid, to significantly higher prices for smaller spaces. We are mindful, in this instance, of the following factors:

- Lack of any meaningful competition for this type of experience
- The need to generate some measure of income through admissions (accepting that free admission is offered to the rest of the collection)
- Recent AIM study findings that suggest that a charge that is 'too low' can diminish visitors' appreciation of the experience and the brand

7.3.2 Education

The Hold, as a heritage facility that contains important historical collections, will place a large emphasis on educational activities for school groups and teachers. This will enable the SRO to showcase its collections and exhibitions to a broader audience.

It is currently assumed that primary and secondary school groups will not be charged an admission fee.

Based on the June 2017 Activity Plan, the Hold is expected to offer three INSET teacher training sessions per annum, for c.20 primary and secondary teachers each. These will help teachers to understand how to use the resources at The Hold and the regional hubs. The INSET sessions will be both teaching skills about using archives, documents and oral histories and teaching the history of Suffolk that is relevant to their curricula. These sessions will be particularly targeted at Newly Qualified Teachers as well as teachers in need of a 'refresh'.

Figure 26: Education Income, The Hold

LEVEL	TOTAL ADMISSIONS (pa)	AVE PRICE (NET)	AVE YIELD (%)	TOTAL INCOME
PRIMARY	900			
SECONDARY	700			
TEACHERS' PROGRAMME	60			
TOTAL	1,660			

We would also expect school groups to continue in the BRO and LRO branches, however, these are reflected in the respective budgets through an uplift in total visits to these sites.

In addition, Fourth Street has recently carried out research in connection with the main drivers for school group visits. This included interviews with 56 Primary, Secondary and Special Needs teachers. They were asked to identify what factors were important for successful school trips in general, and to heritage attractions specifically. In addition, we gauged opinion on a number of issues that should inform development decisions for a new cultural facility. The key finding, in our judgement, is an understanding of teachers' main priorities when deciding on a destination for a school visit. Namely,

- the ability to tie the visit into National Curriculum requirements;
- the cost of the trip; and
- the ease of getting there.

Specific issues that were raised include the following:

- **COST.** Most teachers consider the cost of entry a key factor. As the cost of transport is so high, teachers tend to favour destinations with low entry costs. We have therefore minimised the cost of entry for school groups and the SRO will need to ensure that exceptional value for money is provided.
- **NATIONAL CURRICULUM.** Virtually all teachers claim that some link to the National Curriculum is critical to justifying the visit. If they cannot justify the educational value of the trip, it is unlikely to

be approved by Head Teachers. However, these “links” can be imaginative and need not be too rigid or formulaic. Specifically, we were advised that school trips often double as end-of-term or end-of-year ‘treats’ and this dimension should not be neglected. This does not imply that experience can be pure entertainment, but that the experience can and should digress into areas that are not necessarily covered in the National Curriculum if it contributes to the overall enjoyment of the visit.

- **PRE- AND POST-VISITS.** Virtually all teachers welcome the provision in advance of educational material related to the visit. Post-visitation packs and worksheets are also appreciated, as these make it easier for them to extend the visit experience into the classroom. While most teachers appreciated the gesture of pre-visit familiarisation visits for teachers, many commented that they rarely had the time outside of school hours to accept such offers. A personalised interaction with staff is highly appreciated, however – the opportunity for teachers to liaise with staff beforehand to describe the needs of their group is a particularly valued service.
- **INTERACTION WITH THE PUBLIC.** Roughly half the sample believe that separate opening hours from the public and separate spaces would be fairly/very important, but this is thought to be more for the public’s benefit than their own. Few teachers feel particularly bothered by sharing space and staff time with the public, but feel that the inverse is probably not true.
- **PHYSICAL FACILITIES.** The majority of teachers believe that a dedicated lunch area would be a useful facility in wet weather, but less so when the weather is nice and groups can be taken to eat packed lunches outside. Specifically, the availability of bespoke lunch area is more important for Primary school teachers than for Secondary groups (where the children are older and can be afforded more independence) or Special Needs groups (which tend to be smaller). For the majority of teachers, the opportunity for children to buy snacks or meals on-site was not important and many actually discourage or prohibit students from making use of on-site F&B during school trips. They are generally less prescriptive about students spending pocket money on retail, but acknowledge that only a small proportion tend to do this and it is usually for no more than small, inexpensive souvenirs.
- **LENGTH OF VISIT.** Primary and Secondary groups will tend to stay for longer periods than Special Needs groups. Even at larger venues, full day visits are rare, although they regularly have ‘full day’ trips that might take in more than one attraction.
- **GROUP SIZE.** The average group size ranges from 20-30 students per visit, depending on the school. Importantly, however, schools will often bring multiple classes of differently-aged children, as a larger group is more efficient in terms of transportation costs (i.e. a lower cost per student, as coach rental is a fixed cost and typically the largest expense).

These findings have informed the Activity Plan, which includes pre- and post-visits, online learning resources and loan boxes.

7.3.3 Events & Talks

The Hold's programme of activities will include numerous special events, lectures & talks, particularly as a result of its partnership with UoS. These might include larger activities held in the purpose-built auditorium, or smaller events held in the Education or seminar rooms.

Due to the specialised nature of these events, which will involve additional organisation as well as bringing in professional speakers and experts, we can reasonably expect The Hold to apply an admission charge for each programme.

Figure 27: Events & Talks Income, The Hold

TYPE	NUMBER	AVE ADMISSIONS	TOTAL ADMISSIONS (pa)	AVE PRICE (NET)	AVE YIELD (%)	TOTAL INCOME
EVENTS / ACTIVITIES	15	150	2,300			
LECTURES & TALKS	12	100	1,200			
TOTAL	27		3,500			

7.3.4 Venue Hire

Due to its proximate location to Ipswich Waterfront, The Hold is expected to become a popular destination for private hire, attracting individuals, corporate clients and event organisers.

According to Figure 28, the facility is forecast to host a relatively conservative schedule of just over 5 hires per month (64 per annum). Similar to the special events programme, the number of hires is relatively moderate as The Hold is a new facility that is competing against other established venue hire competitors across the waterfront. There are several categories of private hire, based on different spaces within the facility – including the public realm – each of which has specific hire costs (based on size, availability, etc).

Figure 28: Venue Hire Income, The Hold

EVENT	NUMBER	AVE PER MONTH	AVE HIRE COST (NET)	VENUE HIRE INCOME	COST OF SALES	CONTRIBUTION
AUDITORIUM	10	0.8				
EXHIBITION SPACE	12	1.0				
MEETING SPACES	30	2.5				
PUBLIC REALM	12	1.0				
TOTAL	64	5.3				

7.3.5 Retail

The retail offer for The Hold – and commercial income in general – is not projected to be particularly large. This reflects the composition of the area schedule (Section 5.4.2), whereby dedicated commercial

space only comprises 2.4% of the total facility. As such, the shop is expected to be included within the main reception space – comprising approx. 25 sqm – and adjacent to the exhibitions area.

The retail offer will include merchandise relevant to SRO collections and exhibitions at a variety of price points, as detailed in Figure 29.

The total number of transactions, including average transaction value and contribution, will be made by different visitor segments – including exhibition visits, education groups, events & talks and ‘general visits’. As a result, total retail income is forecast to be [REDACTED] in Year 3. After taking into account cost of sales at [REDACTED] (implying a [REDACTED] average margin on retail), the net contribution for The Hold will be [REDACTED].

According to the table below, the model is relatively conservative in its assumptions about retail, for example:

- The overall conversion rate of [REDACTED] % is significantly lower than other benchmarks, including the National Archives ([REDACTED] %) and the Association of Leading Visitor Attractions (ALVA) ([REDACTED] %).
- The average spend per head of approx. [REDACTED] is also lower than the National Archives ([REDACTED]) and ALVA ([REDACTED]).

These conservative estimates are expected due to the scale and location of the facility, including the fact that The Hold will still be establishing itself as a destination and needs to grow its revenue from a lower base.

Figure 29: Retail Income, The Hold

SEGMENTS	VISITS	CONVERSION	TRANSACTIONS	AVE TRANSACTION VALUE (Net)	TOTAL INCOME	COST OF SALES	CONTRIBUTION
EXHIBITIONS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
EDUCATION	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
EVENTS & TALKS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GENERAL VISITS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

In addition, the model forecasts a growth in retail income from other sources – including online retail, as well as the BRO and LRO branches – based on an uplift from the current budget (i.e. 2015-16). As such, there is additional SRO retail income of [REDACTED] which has been calculated as follows:

- Online retail ([REDACTED]), based on a [REDACTED] % uplift from current budget.
- Bury Record Office ([REDACTED]), based on an uplift in visits to the site.
- Lowestoft Record Office ([REDACTED]), based on an uplift in visits to the site.

7.3.6 Catering

The Hold will include a café offer as well as a seasonal mobile food unit to be set-up within the public realm, both of which will be operated by an external provider that will be charged an annual rental fee.

Importantly, this component of the financial model takes into account the additional 12,000 students from UoS that will be attending The Hold for lectures/seminars, as we can reasonably assume they will

comprise some of the market demand for food & beverages either before or after classes. As such, the total market increases to 31,500, which can be increased even further by including a share of 'walk-in' visits.

Similar to the retail model, the assumptions built into Figure 30 below are relatively conservative compared to relevant benchmarks and comparators. For example:

- The conversion rate of █% is almost half the corresponding ALVA benchmark (█%).
- The average (net) transaction value of £█ is also considerably lower than ALVA (over £█).
- The average spend per head of £█ is below the £█ ALVA benchmark.

Based on these conservative assumptions, the total turnover is expected to be £█, with The Hold receiving a fee equivalent to █% of total turnover from the external operators, totalling £█. In addition, The Hold will also receive £█ of rental income from a seasonal mobile unit, which will be active in the summer months and / or weekends, bringing catering income to a total of £█ for The Hold in Year 3.

Figure 30: Catering Income, The Hold

CAFÉ	
VISITS	19,500
LECTURE VISITS	12,000
TOTAL VISITS	31,500
CONVERSION	█
VISITOR TRANSACTIONS	█
VISITORS AS % OF TOTAL	█
'WALK-IN' TRANSACTIONS	7,100
TOTAL TRANSACTIONS	11,800
AVERAGE TRANSACTION VALUE (NET)	█
TURNOVER	█
RENTAL ASSUMPTION	█
RENTAL PROJECTION	█
MOBILE FOOD UNIT	█
TOTAL	█

To account for the entire SRO service, the model also includes catering income from BRO, which reflects an uplift from the current budget (based on an increase in visits)¹¹. Catering income from this site totals █.

¹¹ There is no catering income in the current LRO budget, therefore this site has not been considered for catering income generation.

7.3.7 Fundraising & Grants

The Hold is also expected to generate substantial income from fundraising & grants, as shown in Figure 31.

Fundraising will be managed by a dedicated fundraising officer, who will be tasked with generating income from both corporate and individual sources (a fundraising target, worth twice that staff member's salary, has been applied to the model).

The model also assumes a reasonable estimate for sponsorship, based on relevant comparators, as well as numerous operational grants from a range of different sources, including (but not limited to): The Suffolk Archives Foundation, The National Archives new burdens payment (this is only available for 10 years to 2025), Manuscript Conservation Funds and other relevant archive-related grants available.

Figure 31: Fundraising & Grants Income, The Hold

INCOME STREAM	£
FUNDRAISING	
SUFFOLK ARCHIVES FOUNDATION	
SPONSORSHIP	
NON-GOV GRANTS	
OTHER GRANTS	
TOTAL	

7.3.8 Other Income

All other income has been separately itemised. This is generated from multiple sources, including:

- An agreed re-charge to the UoS, which – as per current Heads of Terms – is calculated as 30% of premises and NNDR costs
- Rental income from existing space within the Ipswich Record Office (IRO), that will still be managed by the SRO. Commercial hire of this storage space has been benchmarked through mystery shopper enquiries to other archive and storage facilities (e.g. Box-It, UK Archive, RDM)
- Reproduction and licensing fees, based on increasing commercial use of the SRO collections and archives.

Figure 32: Other Income, The Hold

INCOME STREAM	£
RECHARGES (FROM UoS)	
MISC INCOME	
TRAINING CHARGES	
THIRD PARTY CONSERVATION	
OTHER FEES & CHARGES	
REPRODUCTION FEES	
LICENSING FEES	
RENTAL INCOME (COMMERCIAL SPACE)	
RENTAL INCOME (STORAGE SPACE)	
<i>The Hold strongroom</i>	
<i>IRO strongroom</i>	
TOTAL	

7.4 Expenditure

Ongoing annual expenditure for The Hold and, indeed, the entire SRO service, is reflected in staffing costs and operational expenditure.

7.5 Staff Costs

Fourth Street, in consultation with the project team at SCC, has developed an indicative staff complement for the SRO, including permanent and casual staff. The staff structure incorporated into the model is flexible, in that staff costs have been variabilised, where possible, so that they are sensitive to any changes in visitor numbers.

Figure 33: Total Staff Costs, SRO

Branch	PERM FTE	CASUAL FTE	TOTAL FTE	FIXED COST	VARIABLE COST	TOTAL COST	TOTAL COST (%)
HOLD	16.57	1.63	18.20	£554,200	£6,000	£560,200	71%
BRO	7.58	0.41	7.98	£219,500	£1,600	£221,100	28%
LRO	0.35	0.00	0.35	£9,700	£0	£9,700	1%
TOTAL	24.49	2.04	26.53	£783,400	£7,600	£791,000	100%

The grading for each post has been based on the current staffing structure of the SRO, while the salary cost (inclusive of pension and a National Insurance contribution) has been calculated as the median 2016-17 rate for each grade.

7.6 Operating Expenditure

The operating expenditure assumptions are based on an extensive review of the existing SRO accounts as well as comparable facilities across the UK.

Similar to staffing costs, the majority of costs are fixed (92%), with the remaining 8% variable costs that fluctuate according to the level of throughput.

The cost centres detailed in the table were calculated as a function of one of the following:

- Lump sum 'allowances' consistent with either current SRO budget levels or relevant benchmarks and comparators
- Turnover
- Total area
- Fit-out budget (for renewal / lifecycle costs)
- Payroll

Figure 34: Operating Expenditure Summary, SRO

COST CENTRE	FIXED COST (exc. VAT)	VARIABLE COST (exc. VAT)	TOTAL
PREMISES	£349,000	£36,600	£385,600
NNDR	£116,800	£0	£116,800
SUPPLIES & SERVICES	£214,400	£22,200	£236,600
TRANSPORT	£8,200	£0	£8,200
INTERNAL CHARGES (SUPPORT SERVICES)	£51,800	£0	£51,800
THIRD PARTY PAYMENTS	£0	£0	£0
TOTAL	£740,200	£58,800	£799,000

7.7 Summary Cashflows

7.7.1 Introduction

This section brings together all the preceding assumptions to provide cashflow projections for the SRO following the completion of The Hold, including:

- a comparison of the 'stabilised year' cashflow (i.e. Year 3) against the current SRO budget; and
- an 8-year cashflow, including 5 full years after HLF funding is completed.

It is particularly important to understand the meaning of the cashflow, which does not include the more typical gross and net operating profit lines. Instead, based on current SCC accounts, the total is defined as *SCC Subsidy*. This line, in effect, shows the level of council funding that the SRO requires in a given year. A 'deficit' represents the need for *additional* Council subsidy, while a 'surplus' represents the need for *reduced* Council subsidy.

For clarity, inflation is excluded from the forecast, but has been built into the model and used for scenario / sensitivity testing.

7.7.2 Stabilised Year (Year 3)

Figure 35 details the main income and expenditure items for the entire SRO, listed throughout this section, with the resulting SCC subsidy totalling an estimated [REDACTED]

As The Hold serves an educational / learning function and is not primarily a visitor and tourist destination, there are limited opportunities for the SRO to generate enough income to eliminate the Council subsidy. For example, the SRO cannot introduce an admissions charge, and must deliver most activities free of charge – or heavily discounted – to promote community engagement.

However, when compared to the current 2015-16 SRO budget, this represents only a small increase in subsidy of around [REDACTED]. This makes the future state of the SRO almost the financial equivalent of the current state, notwithstanding the addition of a much improved state-of-the-art heritage facility and record office.

In the light of a major capital project and significant operational changes, this can be seen as a positive result for the SRO and SCC, inasmuch as it provides for a better service, fit-for-purpose premises, and no material change to Council expenditure.

As currently conceived and designed, The Hold appears to be a **viable proposition**.

Figure 35: SRO Financial Summary (Year 3), Comparisons with Current State

	SRO CURRENT BUDGET (2015-16)	SRO TOTAL (YEAR 3, 2021-22)
TOTAL OPERATING INCOME	£86,910	[REDACTED]
TOTAL FUNDRAISING & FINANCIAL SUPPORT	£1,610	[REDACTED]
TOTAL INCOME	£88,520	[REDACTED]
TOTAL STAFFING	(£682,018)	(£806,800)
TOTAL PREMISES	(£157,776)	(£448,400)
TOTAL NNDR	(£88,370)	(£141,800)
TOTAL SUPPLIES & SERVICES	(£110,858)	(£254,700)
TOTAL TRANSPORT	(£5,427)	(£9,000)
TOTAL INTERNAL CHARGES (SUPPORT SERVICES)	(£70,282)	(£62,800)
TOTAL THIRD PARTY PAYMENTS	(£8,180)	£0
TOTAL EXPENDITURE	(£1,122,911)	(£1,723,500)
SCC SUBSIDY	(£1,034,391)	[REDACTED]

The financial result has been disaggregated in Figure 36 to show the total SCC subsidy for each branch. As expected, The Hold contributes to most the subsidy requirement (c.75%), followed by the Bury office (c.25%). While Lowestoft, due to its reduced presence, is expected to operate at a 'break-even' level.

Figure 36: SRO Financial Summary (Year 3), Disaggregated

	THE HOLD	BRO	LRO	SRO TOTAL
TOTAL OPERATING INCOME				
TOTAL FUNDRAISING & FINANCIAL SUPPORT				
TOTAL INCOME				
TOTAL STAFFING	(£571,400)	(£225,500)	(£9,900)	(£806,800)
TOTAL PREMISES	(£385,600)	(£61,800)	(£1,000)	(£448,400)
TOTAL NNDR	(£116,800)	(£24,500)	(£500)	(£141,800)
TOTAL SUPPLIES & SERVICES	(£236,600)	(£18,100)	£0	(£254,700)
TOTAL TRANSPORT	(£8,200)	(£800)	£0	(£9,000)
TOTAL INTERNAL CHARGES (SUPPORT SERVICES)	(£51,800)	(£11,000)	£0	(£62,800)
TOTAL THIRD PARTY PAYMENTS	£0	£0	£0	£0
TOTAL EXPENDITURE	(£1,370,400)	(£341,700)	(£11,400)	(£1,723,500)
SCC SUBSIDY				

7.7.3 Cashflow

This section details the 6-year cashflow for the SRO, including 5 full years after HLF funding ends (from 2019-20 to 2024-25).

The cashflow profile also assumes variations in annual visits for each site, detailed in Section 7.2.1 (and again in Figure 37), which shows an initial spike after the opening of The Hold, followed by an expected decline and stabilisation (consistent with the visit profile of comparable visitor destinations).

Figure 37: Profile of SRO Visits

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
TOTAL VISITS	37,800	34,600	31,700	33,000	33,800	33,800	33,800	33,800

As per Figure 38, current estimates and assumptions result in an increased SCC subsidy (although, as mentioned above, this does not reflect a material difference from the current accounts).

Figure 38: 8-Year Cashflow, SRO Total

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
TOTAL OPERATING INCOME								
TOTAL FUNDRAISING & FINANCIAL SUPPORT								
TOTAL INCOME								
TOTAL STAFFING	(£813,600)	(£810,100)	(£806,800)	(£808,300)	(£809,000)	(£809,000)	(£809,000)	(£809,000)
TOTAL PREMISES	(£543,700)	(£495,700)	(£448,400)	(£468,400)	(£478,600)	(£478,600)	(£478,600)	(£478,600)
TOTAL NNDR	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)	(£141,800)
TOTAL SUPPLIES & SERVICES	(£288,100)	(£271,200)	(£254,700)	(£261,600)	(£265,300)	(£265,300)	(£265,300)	(£265,300)
TOTAL TRANSPORT	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)	(£9,000)
TOTAL INTERNAL CHARGES	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)	(£62,800)
TOTAL THIRD PARTY PAYMENTS	£0	£0	£0	£0	£0	£0	£0	£0
TOTAL EXPENDITURE	(£1,859,000)	(£1,790,600)	(£1,723,500)	(£1,751,900)	(£1,766,500)	(£1,766,500)	(£1,766,500)	(£1,766,500)
SCC SUBSIDY								

8 Sensitivity Analyses

8.1 Introduction

This section provides a series of sensitivity analyses to ‘stress-test’ the model – during a stabilised year (i.e. Year 3) – and understand the implications of changes to key assumptions.

All sensitivities relate to changes in key variables for The Hold (because the new facility is the lynchpin of the financial model), while demonstrating its financial impact on the entire SRO service.

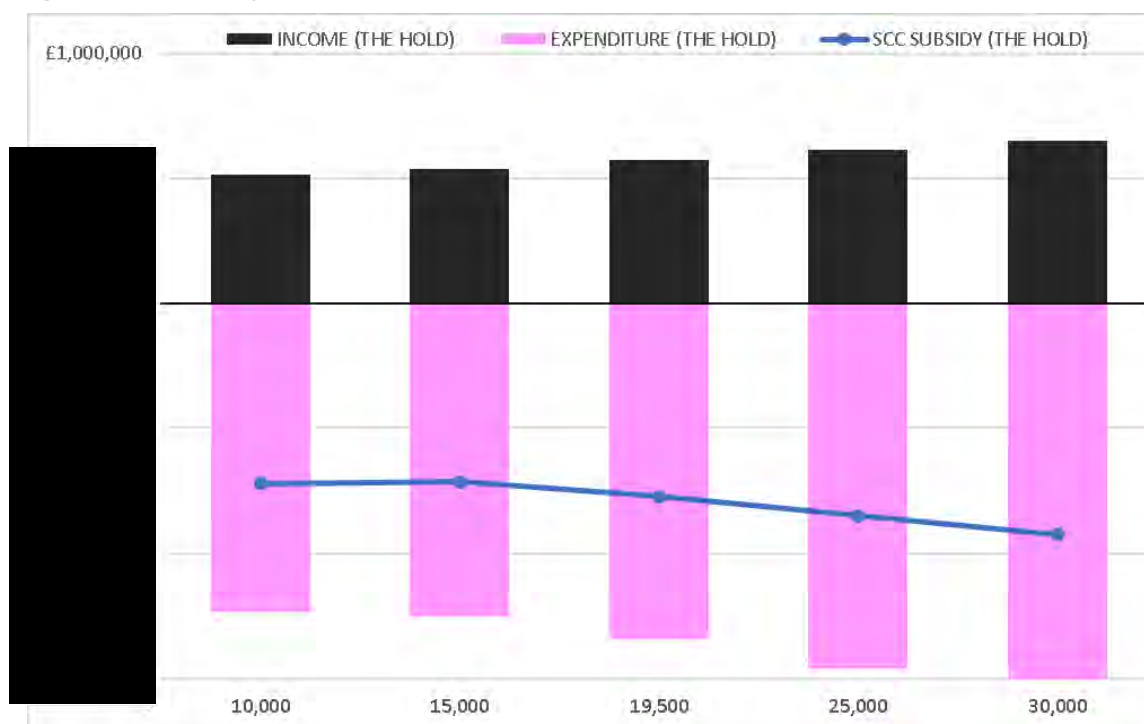
8.2 Number of Visits

8.2.1 SCC Subsidy

As mentioned above, the SCC subsidy fluctuates in according with changes in the number of visits. As such, this section further explores the changes to income, expenditure and subsidy levels based on more discrete fluctuations in visits.

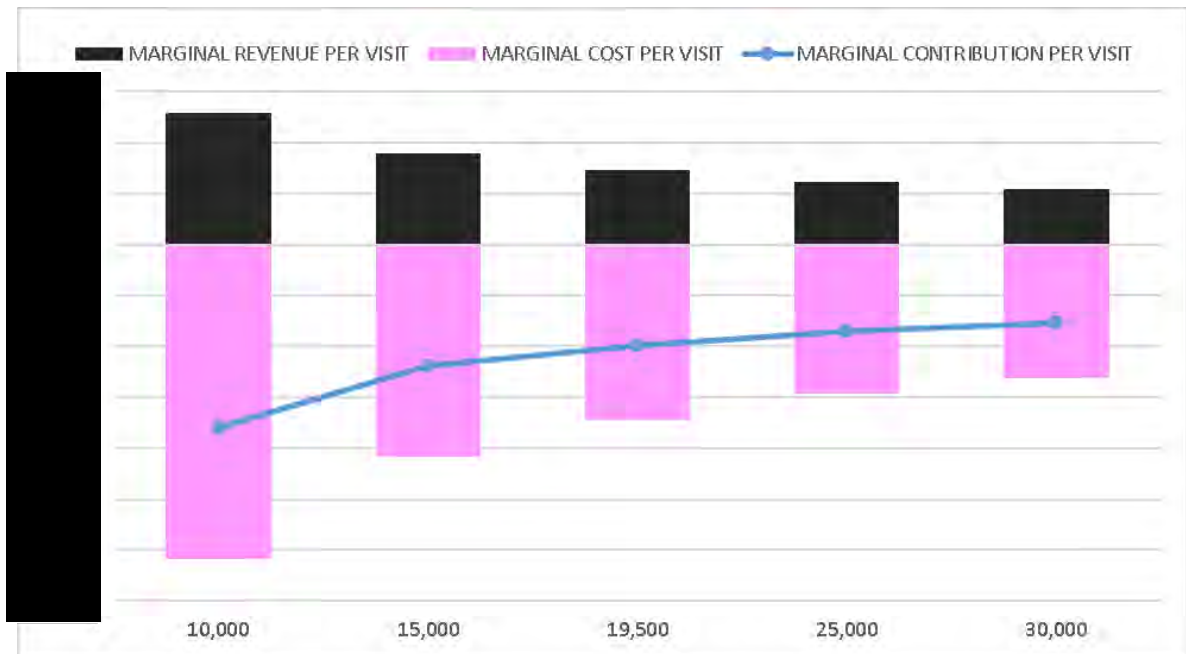
As we outline in Figure 39, changes in the number of visits to The Hold – from 10,000 to 30,000 per annum – has a marginal impact on the overall subsidy requirements, in that increasing visits will generate an *increased* Council subsidy (and vice versa). As a consequence of this, the subsidy for the entire SRO service would also need to increase.

Figure 39: Sensitivity of Visits, The Hold



This is further reinforced by Figure 40, which demonstrates changes in the marginal contribution per visit. Although the marginal contribution increases with more visits, simply driving up throughput is insufficient – in isolation – to eliminate the subsidy, as the marginal costs outweigh the marginal revenue.

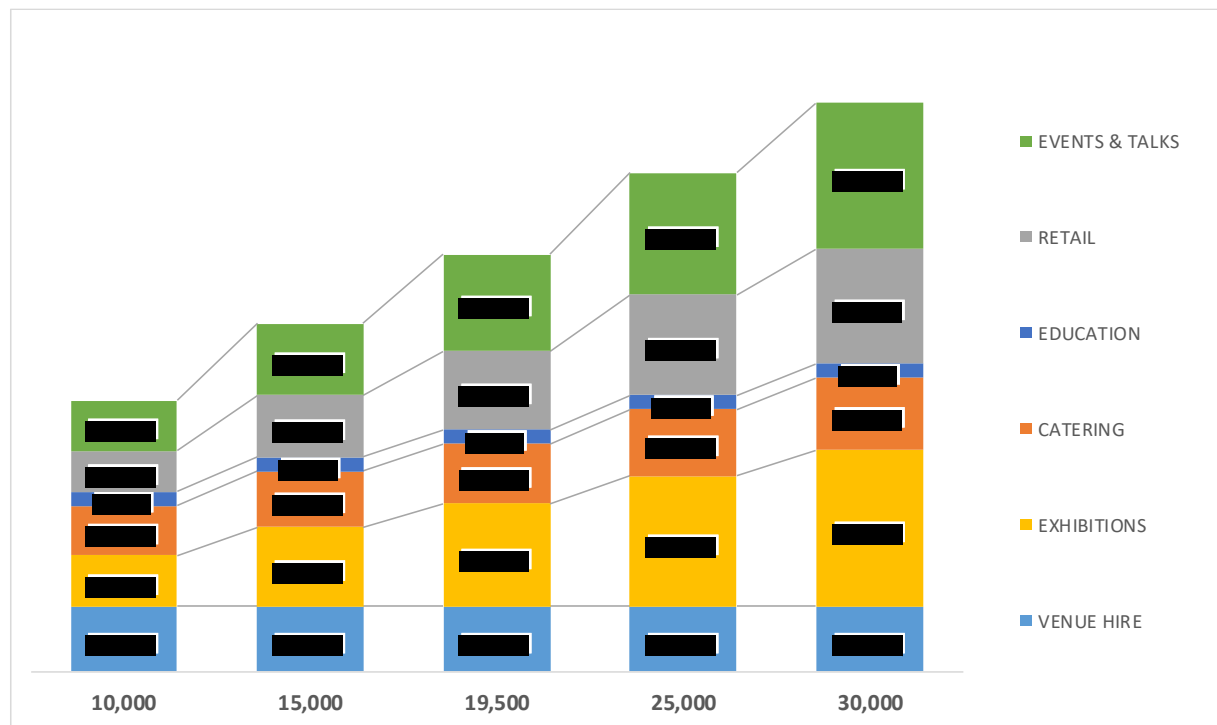
Figure 40: Marginal Contribution per Visit, The Hold



8.2.2 Commercial Income

As demonstrated in Figure 41, most commercial income within The Hold, except for venue hire, is also sensitive to the number of visits. An increase in visits results in an increase in commercial income – such as retail and catering – although this increase is lower than the corresponding increase in expenditure, as detailed below.

Figure 41: Sensitivity of Commercial Income, The Hold



It is important to note that the basic business model of The Hold is a 'grant-in-aid' model. Local authority subsidy represents more than 60% of all income to The Hold, even in a stabilised year. All commercial income – including events, exhibitions, retail, catering and venue hire – represents less than 25% of anticipated income. The sensitivity of any one of these income streams is thus relatively minor. This is demonstrated by the charts below.

Figure 42: Sensitivity to Catering Return

Catering Return	14%	16%	18%
SCC Subsidy			

Figure 43: Sensitivity to Events Attendance

Event Attendance	-20%	-10%	Baseline
SCC Subsidy			

8.2.3 Expenditure

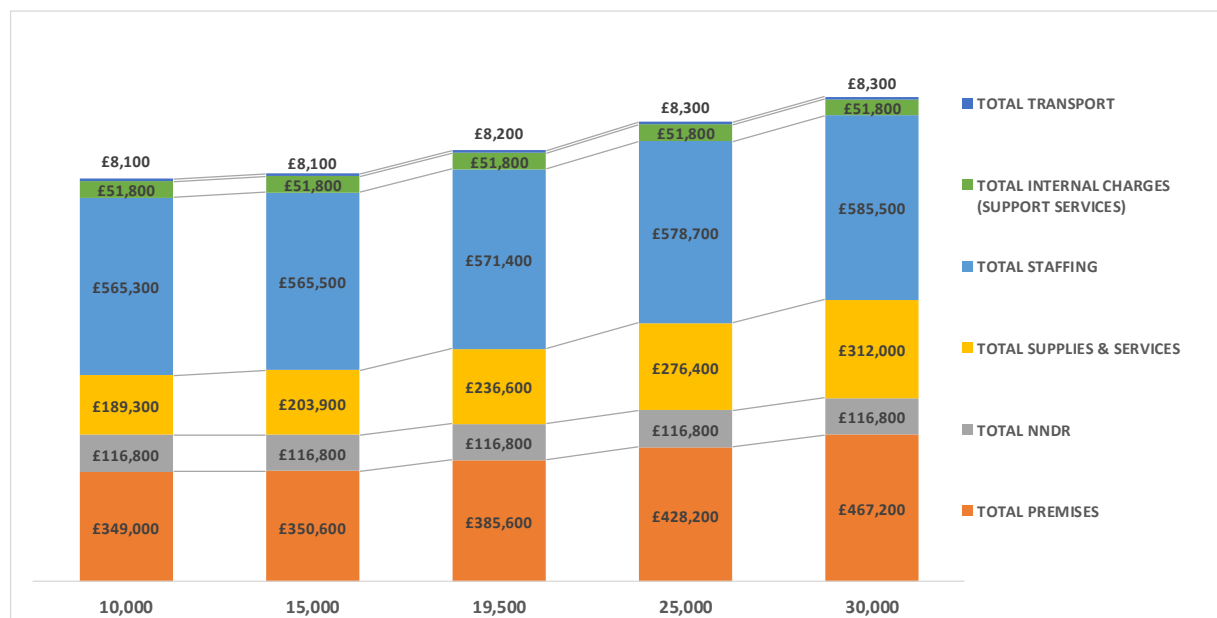
There are also fluctuations in expenditure – reflected in staff costs and operating expenditure – to account for changes in the number of visits. As detailed in Figure 44, increasing visits to The Hold will increase total FTE through changes in casual staff requirements as well as total casual costs. However, these fluctuations are relatively small, as almost all the staff costs are fixed.

Figure 44: Sensitivity of Staff Costs, The Hold



In addition, although most of the cost based at The Hold is fixed (approx. 90%), some of the expenditure items are also sensitive to the number of visits. These include, for example, premises costs and supplies & services. Figure 45 thus shows the sensitivity of the overall cost base to the number of visits.

Figure 45: Sensitivity of Operating Expenditure, The Hold



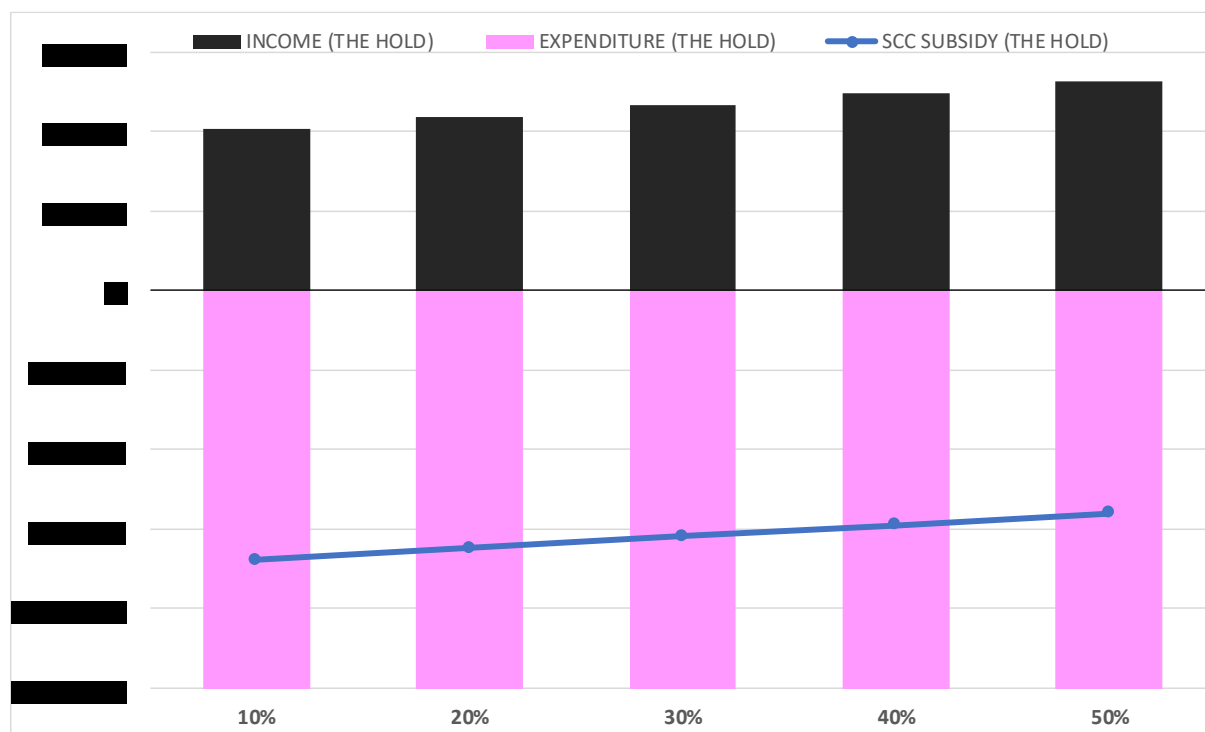
One important point to note on the various programming, exhibition and digitisation budgets is their inevitable inter-relationship. For example, a blockbuster exhibition will draw its costs from a number of different budget lines. It is therefore worth specifying that in a stabilised year, The Hold has budgeted for some £75,000 of programming costs of some description or another. In our experience, this is ample for a heritage destination of this type and scale.

8.3 Recharges

Another key variable in the financial model is the level of premises and NNDR costs for The Hold that will be recharged to the UoS. The current assumption of 30% is subject to confirmation in the final Heads of Agreement. However, Figure 46 demonstrates the changes to the SCC subsidy for The Hold according to different levels of recharges (ranging from 10% to 50%).

As the level of rechargeable expenses increases by increments of 10%, additional income of approx. [REDACTED] is generated by The Hold, while expenditure remains constant, resulting in a corresponding reduction in the SCC subsidy.

Figure 46: Sensitivity of Recharges, The Hold



8.4 Fundraising & Grants

There is also a degree of sensitivity around fundraising and grants income (Section 7.3.7), which can fluctuate for reasons beyond control (e.g. policy decisions). As demonstrated in Figure 47, any percentage

reduction in the level of fundraising and grants for The Hold – below the baseline projection – will increase the Council subsidy for the entire SRO service.

Figure 47: Sensitivity of Fundraising & Grants

	100%	75%	50%
TOTAL OPERATIONAL REVENUE	£359,300	£359,300	£359,300
TOTAL FUNDRAISING & FINANCIAL SUPPORT	████████	████████	████████
INCOME (THE HOLD)	████████	████████	████████
EXPENDITURE (THE HOLD)	(£1,355,700)	(£1,355,700)	(£1,355,700)
SCC SUBSIDY (THE HOLD)	████████	████████	████████
SCC SUBSIDY (TOTAL SRO)	████████	████████	████████

9 Governance Arrangements

The Hold is the headquarters of the Suffolk County Council's Record Office and in corporate management terms falls within the Resource Management of the local authority. As such, The Hold as a County Council-owned facility will be managed on a day to day basis by staff of the Record Office headed by the Record Office Manager. In terms of line management, he/she will report to the Director of Strategic Development.

Given the close strategic and operational relationship with the University of Suffolk, a Partnership Group between the County Council and the University will be formed. Its written terms of reference will reflect the key elements of the formal agreement between the two parties. The Partnership Group which will consist of a Strategic Committee and an Operations Committee will be put in place to succeed the current project management arrangements.

Figure 48: SRO Suggested Governance Arrangements



The Group will have two roles (explained in greater detail below):

- a **strategic** role, which will provide policy oversight of the formal agreement between the County Council and University;
- an **operational** role, which will provide liaison between the Suffolk Record Office and the University in terms of operational matters at The Hold.

Partnership Group (Strategic Committee)

The Partnership Group (Strategic Committee) will consist of elected members and senior University staff and be chaired by a SCC member. It will meet initially on a four-monthly basis and monitor progress against the aims and objectives of the formal agreement between the SCC and the UoS.

Partnership Group (Operations Committee)

The Partnership Group (Operations Committee) will consist of SCC officers with responsibility for the management of the SRO and The Hold and University staff with academic and administrative interests in The Hold and be chaired by a senior SCC manager. The Operations Committee will provide a forum to discuss any day to day, operational matters of mutual interest/concern between the SRO and the University. It will meet monthly and will act as the executive arm of the Partnership Group (Strategic Committee).

10 Risk Assessment

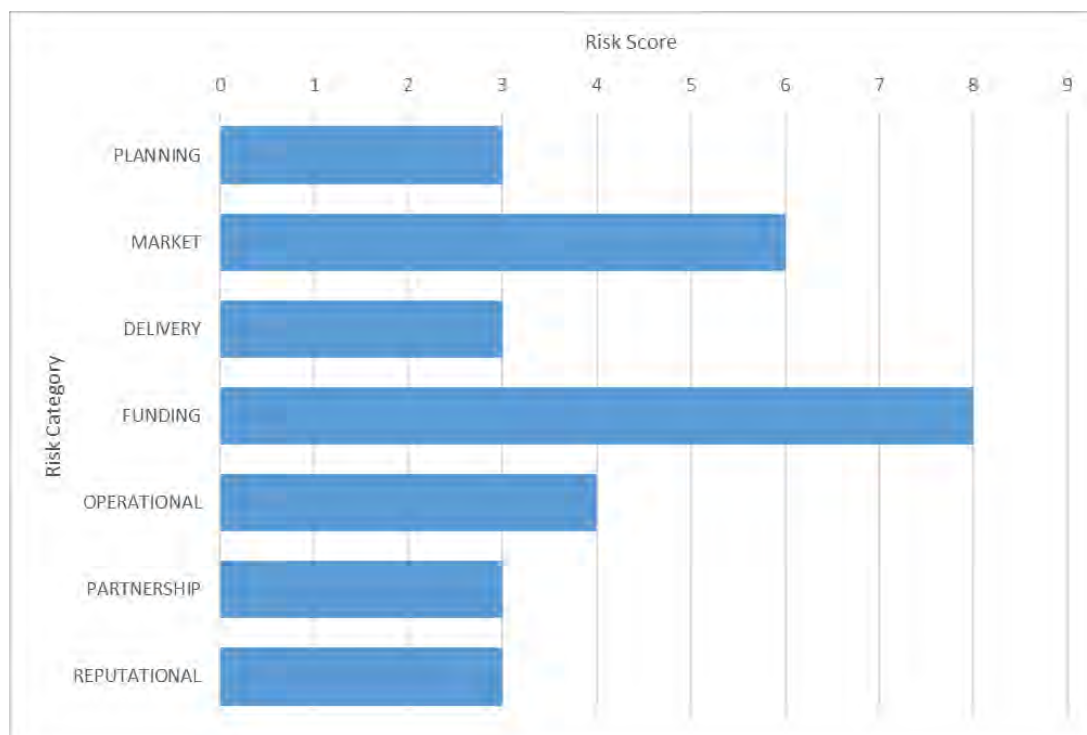
This section summarises the headline risk assessment for the project delivery and operations. We have considered – by means of a probability/impact grid – a factor against the following risk areas.

1. **Planning.** Failure to secure planning consent for capital project.
2. **Market.** Failure to meet market or financial projections.
3. **Delivery.** Failure to deliver on-time, on-budget or to the original quality specification.
4. **Funding.** Failure to secure sufficient capital funding.
5. **Operational.** Failure to effectively deliver core services as well as the activity programme.
6. **Partnership.** Failure to comply with partnership agreements.
7. **Reputational.** Damage done to the SRO brand.

The assessment considers – on a scale of 1 to 4 – the probability of a risk being realised and, similarly, the adverse impact to the project if the risk is realised (a higher score equals higher risk). The product of these two scores reflects an option's exposure to any particular area of risk and the sum of these products represents the overall risk exposure.

The Risk Assessment Matrix is summarised in Figure 49, which shows the most significant three risks relate to *funding, market and operation*.

Figure 49: Summary of Risk Assessment



The risk assessment is shown in greater detail in Figure 50, including total risk score and some actions to mitigate risk.

Figure 50: Risk Assessment

RISK AREA	EXPLANATION	PROBABILITY	IMPACT	RISK SCORE	Risk Mitigation
PLANNING	Failure to secure planning consent for capital project.	1	3	3	All planning requirements have been assessed and are being met through the planning process. Close liaison with the planning authority is being maintained and no major planning issues are predicted.
MARKET	Failure to meet market or financial projections.	2	3	6	Detailed market research and analysis has been undertaken for business modelling purposes and market and financial projections based on these findings are deemed to be conservative. Financial assumptions should be regularly examined, including sensitivity analyses to test the model and review areas of risk.
DELIVERY	Failure to deliver on-time, on-budget or to the original quality	1	3	3	Progress against the project delivery schedule is being closely monitored and the project is meeting all of its forward planning deadlines.
FUNDING	Failure to secure sufficient capital funding.	2	4	8	A funding strategy has been drawn up and capital funding contributions are being sought from a number of bodies to match the anticipated core contributions from SCC, UoS and the HLF. A number of applications to funding agencies bodies (e.g. LEP) are pending.
OPERATIONAL	Failure to effectively deliver core services and activity programme.	1	4	4	The SRO already has considerable expertise and experience in delivering core services. Costs related to the activity programme have been quantified and taken fully into account and integrated into the Hold's business planning.
PARTNERSHIP	Failure to comply with partnership agreements	1	3	3	New governance arrangement (a Partnership Group) are being put in place to monitor progress against the aims and objectives of the SCC/UoS partnership agreement and to provide for on-going liaison on all operational matters of mutual interest/concern.
REPUTATIONAL	Damage done to the SRO brand.	1	3	3	The SRO brand will be considerably enhanced through the new emphasis on outreach and activity planning within the project. The development of The Hold and its new services/facilities will provide wider understanding and appreciation of the role of archives.

While some risks areas are lower than others, in relative terms, we recommend that all risks are monitored and reviewed on a consistent basis. Identification of key areas of risk, their progress and mitigation approaches should also be communicated to relevant stakeholders on an ongoing basis.