

# Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

## Culture and Sport: Income Generation in Museums and Galleries

Item number	7.6
Report number	
Executive/routine	
Wards	Citywide

### Executive summary

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As requested through the Council transformation programme, this report details the ways in which the Museums and Galleries service provided by Culture and Sport is maximising income streams across its venues, services and activities. The report details the new income streams being developed by Museums and Galleries, through income diversification, innovation, partnerships and business development, to meet the service's existing and future income targets.

The annual net revenue spend of £2m on Museums and Galleries represents approximately 0.2% of the Council's revenue budget. Data from the 2013/14 Local Government Benchmarking Framework shows that the cost per museum visit went down over the three years to 2013/14, and was lower than in any other major Scottish city authority. Satisfaction with the Council's museums and galleries was recorded as higher than for any other Scottish local authority over the same period. In common with the rest of Culture and Sport, the Museums and Galleries achieved Customer Service Excellence accreditation in December 2014.

### Links

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Coalition pledges	<a href="#">P23</a>
Council outcomes	<a href="#">CO7</a>
Single Outcome Agreement	<a href="#">SO1</a>

## Culture and Sport: Income Generation within Museums and Galleries

### Recommendations

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It is recommended that Committee:

- 1.1 notes the contents of this report, which was requested through the Council transformation programme, on how Culture and Sport will meet additional savings identified over the next three years by maximising income across the Museums and Galleries service.

### Background

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- 2.1 A business case for modernising the Museums and Galleries service was made in a report entitled [A New Future for the City's Museums and Galleries](#), which was approved in February 2008 by the then Culture and Leisure Committee.
- 2.2 This long term modernisation programme, begun in 2008, is still under way. A selection of reports detailing key steps taken since then is provided in the Background Reading section below.
- 2.3 The modernisation approach is based on: prioritisation, re-positioning, partnership development, property rationalisation (through alternative uses) and income generation. This will ensure that the Council provides a sustainable, high quality, vibrant and relevant museums service that meets the expectations of visitors whilst also contributing to the well-being and quality of life of local residents. Targets are provided in the [Edinburgh Museums and Galleries Service Plan 2013-2018](#). Key elements of this detailed plan are reported regularly to the Corporate Governance management team, as part of its monitoring of the Corporate Governance Service Plan.
- 2.4 As a result of this modernisation programme, there has been a culture shift in how the service is delivered; there is now a stronger focus on income generation coupled with recognition that the visitor is the main priority and that quality is essential. An increasingly customer-focused, entrepreneurial approach is developing which will ensure continued improvement and effective use of resources.
- 2.5 Partnership working is central to a sustainable service. It allows the service to develop through the effective use of resources while reducing revenue spend.

- 2.6 Successful partnership working to date includes:
- 2.6.1 the Twelve Monuments Project which restored key monuments within the city in partnership with EWHT between 2008 and 2012 – including the Nelson Monument, which generates income from visitors;
  - 2.6.2 the restoration of the Old Observatory House on Calton Hill in partnership with the Vivat Trust to convert the building into a high quality holiday let, which has been open for lets since February 2011. From this year onwards, a 50% profit share will be used to re-invest in the restoration of the Old Observatory complex;
  - 2.6.3 In 2012, the refurbishment of Acheson House and Phase One of the redevelopment of the Museum of Edinburgh was completed in partnership with the Registers of Scotland and Edinburgh World Heritage Trust; and
  - 2.6.4 the ongoing restoration of the Old City Observatory and City Dome on Calton Hill in partnership with the Collective Gallery. A £3m Phase II development is under way, supported by the Capital Asset Management Programme, the Heritage Lottery Fund, Creative Scotland, Edinburgh World Heritage Trust, Historic Scotland and other funding bodies.
- 2.7 Income maximisation is integral to all aspects of service delivery and is central to customer service excellence. The Museums and Galleries service makes applications to trusts, foundations and grant-making bodies for income to support its projects, acquisitions, capital improvements and staffing. In addition, the service earns income through various activities to help deliver the service. In 2014 a decision was taken to provide a proportion of this earned income towards the Council's savings targets. The income and savings targets are shown below.

<b>Baseline income target (£)</b>	<b>Income targets increased to produce savings towards the Council's budget savings target (£)</b>			
<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
564,597	595,597	639,097	670,097	702,097
	<b>Element of income from each year's overall target allocated to the Council's budget savings target</b>			
	31,000	43,500	31,000	32,000

- 2.8 The most significant source of income earned by the Museums and Galleries service is the admission charge for visitors to the Scott and Nelson Monuments.

Between April 2008 and March 2013, this generated just over £1m in total, as shown in the table below.

	<b>2008/09</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>Five year total income</b>
Scott Monument	140,497	169,951	184,747	186,791	172,863	<b>854,849</b>
Nelson Monument	25,714	11,014	49,352	60,109	57,075	<b>203,264</b>
Total income (£)	<b>166,211</b>	<b>180,965</b>	<b>234,099</b>	<b>246,900</b>	<b>229,938</b>	<b>1,058,113</b>

2.9 Other income is earned through:

- 2.9.1 retail;
- 2.9.2 catering;
- 2.9.3 the admission charge to Lauriston Castle;
- 2.9.4 the public programme (events, lectures, family and children workshops);
- 2.9.5 venue hire;
- 2.9.6 donations;
- 2.9.7 the picture loan scheme;
- 2.9.8 rentals Tron Kirk and the Old Observatory House; and
- 2.9.9 the admission charge to selected exhibitions at the City Art Centre.

2.10 Discussions are under way with Ernst and Young as part of the Council transformation programme to review the existing catering offer. Any further opportunities identified will be the subject of a procurement process. A new strategy to encourage donations will also be implemented this year, with support from the Communications service.

2.11 The 2013/14 Local Government Benchmarking Framework shows that the cost per museum visit went down in Edinburgh over the three years to 2013/14, and was lower than in any other major Scottish city authority. Satisfaction with the Council's museums and galleries was recorded as higher than for any other Scottish local authority over the three years to 2013/14. See appendix two for data. In common with the rest of Culture and Sport, the Museums and Galleries achieved Customer Service Excellence accreditation in December 2014.

## Main report

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- 3.1 As noted above, the income target for the Museums and Galleries service in 2015/16 is £639,097 rising to £702,097 in 2017/18, and a proportion of this is provided towards the Council's savings targets.
- 3.2 In 2015/16 the Museums and Galleries service will focus on areas that:
- 3.2.1 have produced high levels of income to date;
  - 3.2.2 have the potential to maximise income with minimum investment;
  - 3.2.3 have been tested in the sector and shown to have the capacity to 3.2.4 generate additional income (such as venue hire and memberships); and
  - 3.2.5 will allow the service to interact more meaningfully with target audiences and increase customer spend.
- 3.3 Specific projects to be initiated in 2015/16 therefore include:

<b>Project</b>	<b>Timescale</b>
Review of catering	April 2016
New membership scheme	Under review due to staff vacancies
A full and detailed pricing review including competitor analysis	April 2016
Donation strategy	September 2015
Writer's Residence at the Writers' Museums	June 2016
Expanded retail offer at the Writers' Museum	July 2015
A review of existing franchise arrangements and contracts and re-tendering where appropriate	July 2015
Implementing a new digital strategy to develop and improve the customer experience and maximise customer spend, through better customer relationship management and feedback, online transactions, website development and digital storytelling	Phase One – digital storytelling June 2015

- 3.4 Visitor research will be carried out to explore alternative opening hours to test whether the existing opening hours meet the needs of visitors. Changes to opening hours may attract people who would not otherwise visit the venues, and

increase attendance by the existing audience.

## Measures of success

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- 4.1 A continued increased in visitor numbers, increase in spend per visitor and achievement of income targets.
- 4.2 The increase in income targets as noted above will be met through existing income streams and the new projects set out in 3.3.

## Financial impact

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- 5.1 Some of these business development activities may require investment to realise their potential. If so, business cases will be developed to ensure that Museums and Galleries continue to achieve income targets for the service. The annual net revenue spend of £2m on Museums and Galleries represents approximately 0.2% of the Council's revenue budget.

## Risk, policy, compliance and governance impact

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- 6.1 There are no compliance or governance impacts arising from this report's recommendations. The risk is that changes to the service and new initiatives working in partnership to modernise the historic assets operated by the Museums and Galleries Service within Culture and Sport do not result in increased income and visitor numbers.

## Equalities impact

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- 7.1 The Museums and Galleries service offers free access to its venues and permanent collections, and, via its Outreach service, a free service to local communities. Outreach programming is designed to actively reach out to excluded communities and to foster inclusion in line with the public sector duties of the Equality Act 2010.

## Sustainability impact

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- 8.1 In common with other parts of Culture and Sport, Edinburgh Museums and Galleries venues are participating in a project to reduce carbon emissions by 2020 and to ensure waste is kept to a minimum.

## Consultation and engagement

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- 9.1 Consultation has been undertaken with staff. Consultation on the Museums and Galleries proposed Service Plan for 2013 – 2018 was previously undertaken with staff, stakeholders and the general public. Research will be carried out with users and non users, using the Council’s Consultation Hub and other methods.

## **Background reading/external references**

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All of the Business Bulletins presented to the Culture and Sport Committee to date, plus the specific reports listed below.

Report to the [Culture and Sport Committee of 16 December 2014](#): Update on Edinburgh Museums and Galleries Service Plan 2013 - 2018

Reports to the [Culture and Sport Committee of 21 October 2014](#): Ross Fountain; Museums and Galleries Volunteering Programme.

Report to the [City of Edinburgh Council of 21 August 2014](#): Proposed Acquisition of Custom House, Leith

Report to the [Culture and Sport Committee of 19 August 2014](#): Update on the Outreach Programme.

Report to the [Culture and Sport Committee of 27 May 2014](#): The Travelling Gallery

Report to the [Culture and Sport Committee of 11 March 2014](#): Redeveloping the Museum of Childhood

Report to the [Culture and Sport Committee of 20 August 2013](#): Consultation on the Edinburgh Museums and Galleries Service Plan 2013 - 2018

Report to the [Culture and Leisure Committee of 23 October 2012](#): **Museums and Galleries Update.**

Reports to the [Culture and Leisure Committee of 28 June 2011](#): Proposed Relocation of the Collective Gallery; **Phase One of the Museums Hub**; East of Scotland Museums Partnership.

Reports to the [Culture and Leisure Committee of 26 April 2011](#): Update on Museum Outreach Activities in Newhaven; Old Observatory House, Calton Hill.

Reports to the [Culture and Leisure Committee of 14 September 2010](#): Museums and Galleries Interim Staffing Restructure; Museums and Galleries New Website.

Reports to the [Culture and Leisure Committee of 27 April 2010](#): Developments at the City Art Centre; Nelson Monument Visitor Attraction Rating; Museums and Galleries: Retail Income and Performance.

Reports to the [Culture and Leisure Committee of 17 November 2009](#): Trinity Apse: Lease to Scottish Book Trust to Create Scotland’s First Literary Quarter; Old Observatory House, Calton Hill.

Report to the [Finance and Resources Committee of 27 October 2009](#): Trinity Apse: Lease to Scottish Book Trust to Create Scotland’s First Literary Quarter

Reports to the [Culture and Leisure Committee of 23 June 2009](#): Edinburgh International Science Festival at the City Art Centre; Future Care and Preservation of Old City Observatory Instruments.

Report to the [Culture and Leisure Committee of 6 May 2009](#): Newhaven Heritage Museum - Update.

Reports to the [Culture and Leisure Committee of 3 February 2009](#): Newhaven Heritage Museum; City Art Centre – Environmental Improvements.

Reports to the [Culture and Leisure Committee of 16 September 2008](#): Update on Newhaven Heritage Museum; Progress Report on the Development of a Business Case for the Museum and Arts Hub.

Report to the [Culture and Leisure Committee of 5 February 2008](#): **A New Future for the City’s Museums and Galleries.**

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## **Links**

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<b>Coalition pledges</b>	<p>P24 - Maintain and embrace support for our world-famous festivals and events</p> <p>P31 - Maintain our city’s reputation as the cultural capital of the world by continuing to support and invest in our cultural infrastructure</p> <p>P40 - Work with Edinburgh World Heritage Trust and other stakeholders to conserve the city’s built heritage</p>
<b>Council outcomes</b>	<p>CO20 - Culture, sport and major events – Edinburgh continues to be a leading cultural city where culture and sport play a central part in the lives and futures of citizens</p> <p>C025 - The Council has efficient and effective services that deliver on objectives</p> <p>C027 - The Council supports, invests in and develops our people</p>
<b>Single Outcome Agreement</b>	<p>S01 - Edinburgh’s economy delivers increased investment, jobs and opportunities for all</p> <p>S02 - Edinburgh’s citizens experience improved health and</p>



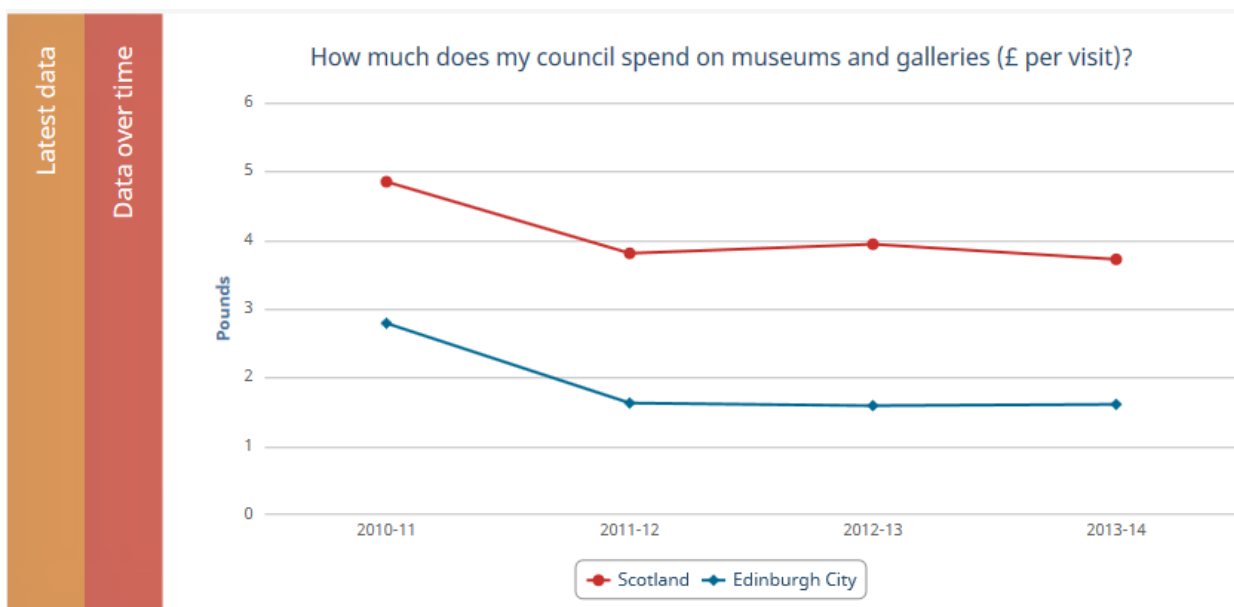
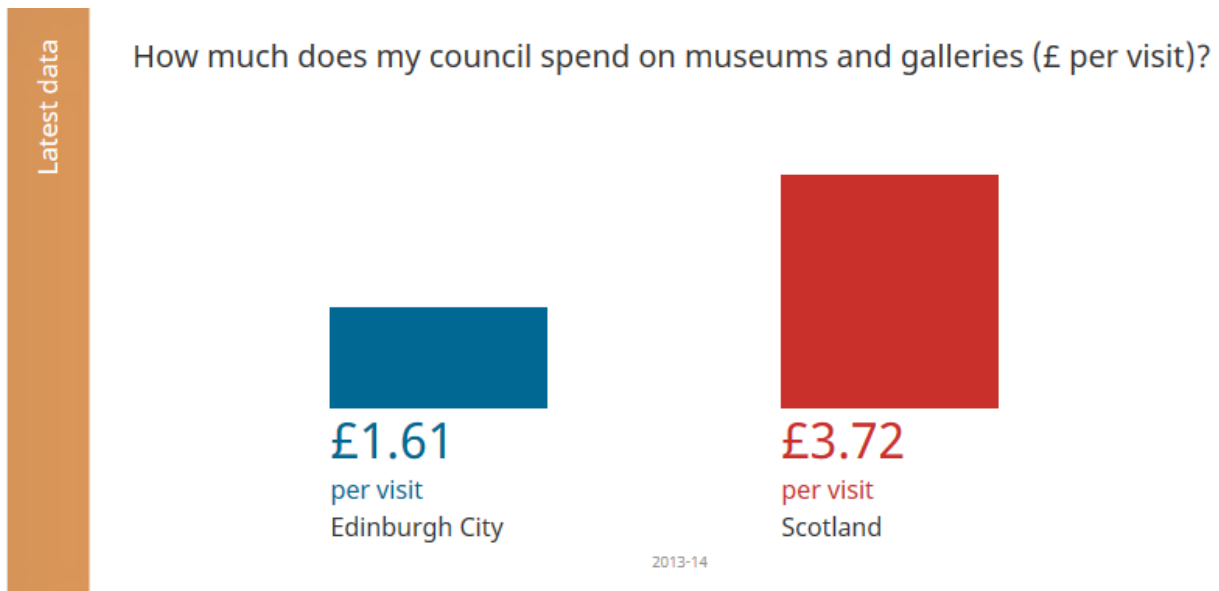
wellbeing, with reduced inequalities in health

S03 - Edinburgh's children and young people enjoy their childhood and fulfil their potential

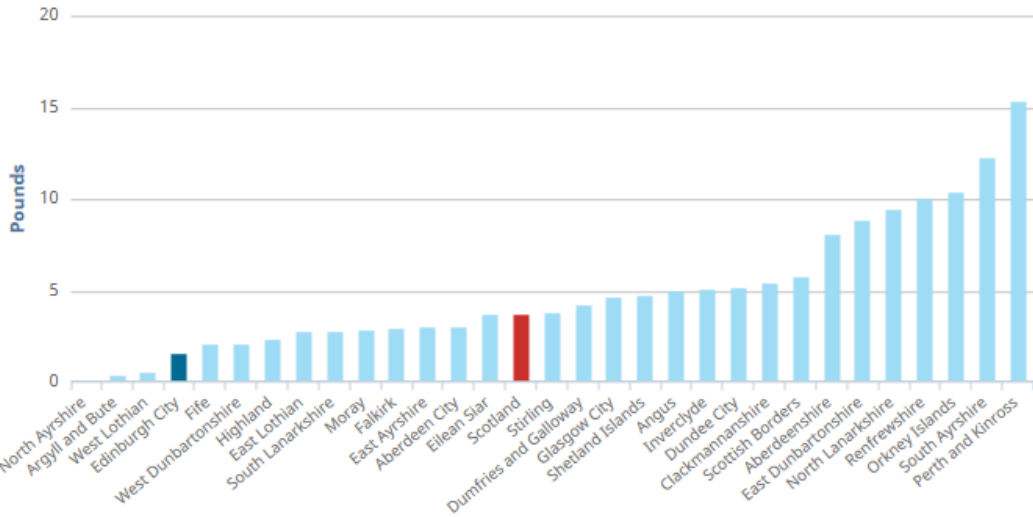
**Appendices**

1. Data from the Local Government Benchmarking Framework 2013/14

Data from the Local Government Benchmarking Framework (LGBF) 2013/14 – the graphics below are taken from the [LGBF website](#)



How much does my council spend on museums and galleries (£ per visit)?



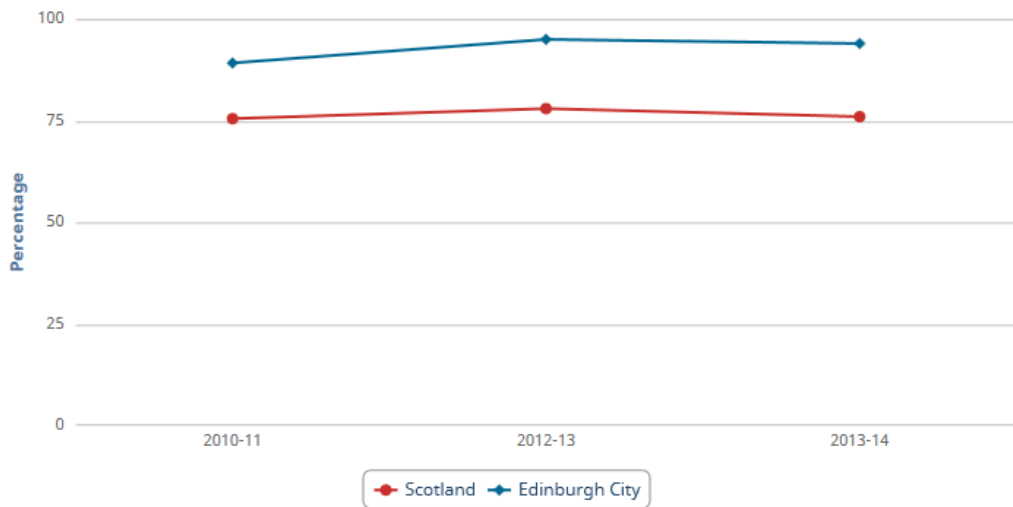
2013-14

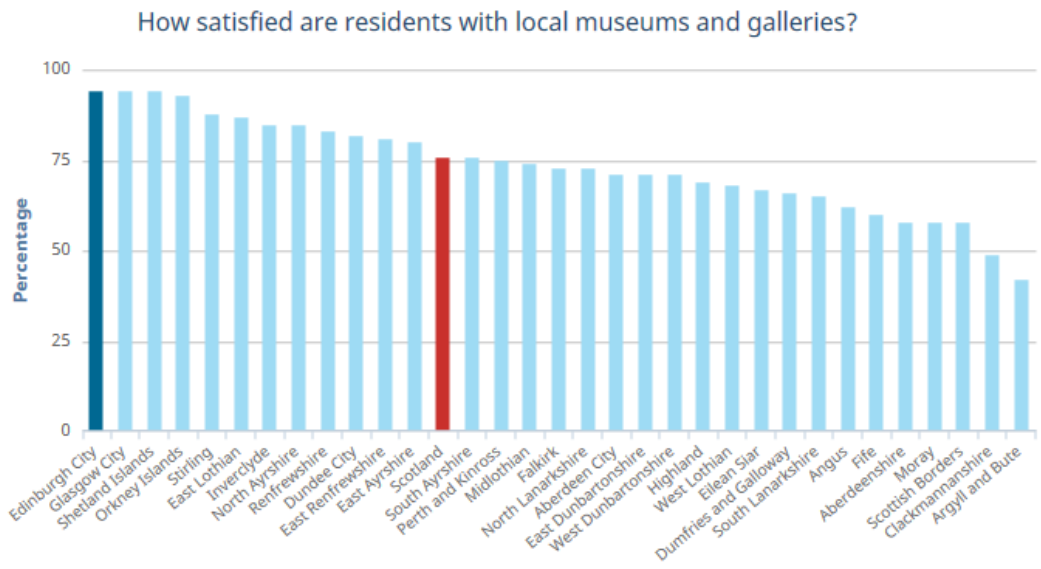
How satisfied are residents with local museums and galleries?



2013-14

How satisfied are residents with local museums and galleries?





2013-14