

Culture and Communities Committee

10.00am, Thursday, 7 December 2023

New Collections Centre and Museums and Galleries Transformation

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 Culture and Communities Committee are asked to:
 - 1.1.1 Note the work undertaken to date in respect of proposals to deliver a new vision for the Museums and Galleries Service: creating a new collections centre, maximising income to drive future innovation and refocussing the estate;
 - 1.1.2 Agree that officers should continue with the development of the Outline Business Case for a new collections centre and Museums and Galleries transformation, and progress with the feasibility study;
 - 1.1.3 Agree to continue investigations into the potential to introduce admission charges for people visiting the city (maintaining free access for residents), noting that if there is a legal basis to do so and Committee agree to proceed, a pilot could take place in 2024/25; and
 - 1.1.4 Approve that, subject to the wider Place Directorate budget financial performance, income from temporary exhibitions could be transferred to the Special Exhibitions Fund.

Paul Lawrence

Executive Director of Place

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New Collections Centre and Museums and Galleries Transformation

2. Executive Summary

- 2.1 This report outlines the context within which officers are proposing to develop an Outline Business Case for the creation of a new collections centre and for the transformation of the Council's museums and galleries service.

3. Background

- 3.1 The Council's Museums and Galleries, Archives and Libraries Information and Learning Resource (ILR) services are currently delivered across a number of locations in the Council's estate. Many of these buildings are no longer fit for purpose, are costly to maintain, are not always accessible and limit the opportunities for services to collaborate and work cohesively. The existing estate also presents challenges in terms of caring for the Council's museums and galleries collections and storing archive records.
- 3.2 The Council currently holds collections in the following locations - Museums and Galleries (Broughton Market and other locations), City Archives (Murrayburn) and the Libraries Learning Resource (Peffer Place). However, there are challenges with these locations e.g., some buildings need to be vacated, storage facilities are already at capacity and proper storage solutions are required.
- 3.3 Progress towards change has been impacted by (but not limited to): the Coronavirus pandemic, staffing changes, critical dependencies, site ownership and business displacement.
- 3.4 Building on the aims of the [Council Business Plan 2023-2027](#), the [Culture Strategy 2023-2030](#), the [Corporate Property Strategy](#), and the [20-minute neighbourhood strategy](#), it is recognised that there is an opportunity to take a holistic view of service delivery and engagement, and to address financial challenges by working together to develop proposals for future service delivery.

4. Main report

- 4.1 Since 2021, officers have been considering the most appropriate approach to ensuring that the Council's collections and archives are managed and cared for in a suitable environment, and for creating a more accessible and coherent offer for residents and visitors.
- 4.2 The overarching vision is to create a new collections centre and to redesign existing museums and galleries provision to create a more accessible service, that increases the funding available to improve the Council's culture offering by increasing revenue.

New Collections Centre

- 4.3 To ensure that collections and archive records are cared for in a suitable environment and to connect citizens with the city's past, present, and future it is proposed to create a visitor centre within which the Council can bring together collections, archives, libraries information and learning material to preserve the city's story through access and engagement.
- 4.4 The collections centre would also operate as a storage facility and hub for networking, offering the widest possible access to the city's archives and collections and supporting a more dynamic offer in the Council's museums and galleries.
- 4.5 Bringing together collections of objects and materials from various into a state-of-the-art facility supports the Council's Business Plan aims, as well as aligning with the Corporate Property Strategy and 20-minute neighbourhood approach. It will also enable an overhaul of digital provision and will allow officers to explore ways that the services can be better integrated.
- 4.6 A site at Peffer Place has been identified for the creation of a new collections centre. Although the site was previously identified as one for disposal as part of the Depots Review, early indications suggest it may be suitable for the collections centre.
- 4.7 An officer project group has been established to ensure that the business and financial case for change is developed and (building on previous architectural and spatial studies) a feasibility study will be commissioned before a final decision is made on the suitability of the site.

Museums and Galleries Transformation

- 4.8 To support an ambitious change programme for the Council's museums and galleries, grant funding was secured from Museums Galleries Scotland to employ external consultants to shape plans to develop options for income generation and to provide training and delivery support for staff.
- 4.9 The outcome of the assessment of income generation proposals (attached as Appendix 1) highlights the potential to increase the cultural and commercial use of the estate to underpin this strategy.
- 4.10 Initial analysis indicates that by focussing on key venues (such as the City Art Centre, Museum of Edinburgh and Lauriston Castle), the service becomes more

ambitious and resilient, contributing to Council savings while maintaining free access for residents. It will enable the City Art Centre to thrive and Edinburgh's stories to be told in more innovative ways with the collections centre supporting refreshed exhibitions and enhanced accessibility.

4.11 There are other opportunities for the service to generate income through, for example:

4.11.1 Hosting one major, charged, temporary exhibition each year (similar to the Peter Howison exhibition this year) along with increasing ancillary income (through broadening the rental use of venues, a stronger donations plan, improved retail (including food and beverage), and exhibition sales (subject to wider Place Directorate budget financial performance, this could be ring-fenced to create a Special Exhibitions Fund); and

4.11.2 Examining the current offer, with a focus on making better use of the available spaces and revitalising the collections in line with contemporary issues around diversity of representation, decolonisation, access and telling Edinburgh's stories in more coherent ways.

Admission Charges

4.12 One area which the Council has been engaging with Museums Galleries Scotland, and the Scottish Government, is on the potential to introduce admission charges for the city's museums and galleries. This is a subject of debate across the sector and is likely to involve a formal enquiry to the Scottish Government to clarify the legal position on whether Local Authorities can charge (many do, usually for temporary exhibitions).

4.13 Edinburgh is unique in the volume of tourist visitors it attracts, and visitor numbers to the city's museums and galleries reflect this. A 2019 Visitor Survey found that 85% of visits to the service were from people outside of Edinburgh, 42% of whom were from overseas and 25% from the rest of the UK. The top countries for international visitors based on the responses were USA (23%), Canada (15%), Germany (10%) and China (8%).

4.14 With total attendances of 718,000 in 2019 this could translate, if implemented appropriately and acknowledging risks, to substantial and transformative levels of income for a service with limited revenue budgets beyond staffing. The report in Appendix 1 highlights the potential level of income to be realised through charging visitors to the city.

4.15 It is not unusual for admission charges to be made in other countries. Schemes exist across Europe for charging non-residents, at the same time supported by policies which ensure free access to local residents and specific demographic groups. The technology for implementing charges also exists alongside that for contactless donations which the service also plans to trial in 2024.

4.16 If there is a legal basis to do so, the Council could consider piloting admission charges for visitors to the city at one location in 2024/25, with access for residents

remaining free across (except for some temporary exhibitions if appropriate). Committee will be kept updated on progress with this.

5. Next Steps

- 5.1 If the recommendations of the report are approved, officers will progress a full Outline Business Case in line with the UK Government Green Book Guidance for the development of a new collections centre and transformation of the museums and galleries service. This will include the strategic, economic, financial, commercial and management cases, and identify the future funding requirements to deliver to overarching vision. This will include commissioning a Feasibility Study to assess the case and design solution for the collections centre, as associated impacts on the existing estate.
- 5.2 There are dependencies within the overall plan which will form part of the Outline Business Case (e.g. recognising that a new collections centre will enable the Council to expand the ways in which it tells the city's story to a wider demographic. This could also free up space in existing venues that can be re-purposed or re-imagined or could identify ways in which the Council could more effectively utilise its operational estate to achieve the Council's objectives around net zero, 20-minute neighbourhoods and corporate property).
- 5.3 Apart from the Museum of Childhood and Queensferry Museum, the venues sit within Common Good and any future planning will respect the heritage and common good values in decision making and relevant impact assessments.
- 5.4 In addition, if Committee agree, officers will continue to engage with Museums and Galleries Scotland and the Scottish Government on the legal basis on which charging for admission could be progressed and work with Finance colleagues on the potential to create a Special Exhibitions Fund utilising income from temporary exhibitions and ancillary income (subject to wider Place budget financial performance).

6. Financial impact

- 6.1 The report attached in Appendix 1 highlights the potential opportunities for income generation for the Council. However, there are a number of dependencies to achieving this (as summarised above).
- 6.2 In order to proceed with the proposals outlined in this report, an Outline Business Case will be required. This should focus on the rationale for change and cover the business, financial, commercial and management cases.
- 6.3 The Feasibility Study for the new collections centre will be progressed at a cost of approximately £30,000. This will be met from the existing revenue budget allocation for Culture and Wellbeing.
- 6.4 An initial assessment of the income opportunities has identified that an additional £50,000 may be possible in 2025/26, with the potential to secure further revenue if

admission charges are to be introduced. If income from exhibitions and other ancillary charges raises sufficient income, it may be possible to ring-fence some of this to create a Special Exhibitions Fund (subject to wider Place Directorate budget financial performance).

- 6.5 Capital funding will be required to deliver the new collections centre and to meet the cost of some of the infrastructure required, as set out in Appendix 1. This is not currently included within the Council's Capital Investment Programme, therefore officers will consider the opportunities for fundraising and the potential for funding to be released from existing sources to meet these costs.

7. Equality and Poverty Impact

- 7.1 There are no immediate impacts, but future planning will address public sector equality duty, specific equality duties, the Equality and Diversity Framework, the End Poverty Edinburgh Plan, and how our proposed intentions to shift the culture of the organisation to better embed equality will be addressed.

8. Climate and Nature Emergency Implications

- 8.1 As a public body, the Council has statutory duties relating to climate emissions and biodiversity. The Council

“must, in exercising its functions, act in the way best calculated to contribute to the delivery of emissions reduction targets”

(Climate Change (Emissions Reductions Targets) (Scotland) Act 2019), and

“in exercising any functions, to further the conservation of biodiversity so far as it is consistent with the proper exercise of those functions”

(Nature Conservation (Scotland) Act 2004)

- 8.2 The City of Edinburgh Council declared a Climate Emergency in 2019 and committed to work towards a target of net zero emissions by 2030 for both city and corporate emissions and embedded this as a core priority of the Council Business Plan 2023-27. The Council also declared a Nature Emergency in 2023.

Environmental Impacts

- 8.3 There are no immediate impacts based on the information in this report. The future plans, including the design solution for the new collection centre, will address how the Council's net zero ambitions can be achieved through a more focused offer, including the new collection centre being built to Passivhaus standards.

9. Risk, policy, compliance, governance and community impact

- 9.1 The work to date has engaged with a wide range of Council officers, with a project team set up to progress the necessary actions as set out in this report.

- 9.2 The potential reputational risk associated with the introduction of admission charges will be considered if the legal basis to proceed is established.

10. Background reading/external references

- 10.1 None.

11. Appendices

- 11.1 Appendix 1 - Income Generation Report.

City of Edinburgh Council
Museums and Galleries
Edinburgh
Income Generation
Opportunities

Final Report

November 2023





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1.0 INTRODUCTION

1.1 Introduction

This report has been commissioned by Museum and Galleries Edinburgh and provides a strategic review of the income generation opportunities across the venues operated by the service.

1.2 Study Brief

The study brief recognises the pressures on all public services and the need to achieve long-term resilience within the museums and galleries. Museums and Galleries Edinburgh (MGE) aims to deliver a dynamic and accessible service but recognises that the operational model must consider commercial approaches and activities where these can be accommodated while ensuring that the service is open and accessible.

The current income generation target for the service is £1.2 million per annum. There is a desire to further develop the income generation with an additional £200k per annum.

1.3 Methodology

This report has been prepared by Jura Consultants. It is based on independent analysis of MGE data, comparative data and a workshop with MGE staff.

1.4 Report Structure

The remainder of this report is structured as follows:

- Section 2** Background
- Section 3** Audiences and Engagement
- Section 4** Comparator Analysis
- Section 5** Opportunities for Future Income Generation
- Section 6** Appraisal of Options
- Section 7** Business Case
- Section 8** Action Plan

2.0 CURRENT POSITION

2.1 Overview

Museums and Galleries Edinburgh is responsible for a variety of cultural venues across Edinburgh. These include the following:

- City Art Centre
- Museum of Edinburgh
- Museum of Childhood
- Collections Centre
- Writer's Museum
- Lauriston Castle
- Scott Monument
- Nelson monument
- People's Story
- Queensferry Museum
- Travelling gallery

In addition to these venues MGE has responsibility for over 200 monuments. Each of the venues listed above is to be considered in the strategic review of income generation. The number of visits to each venue in 2019 (pre-Covid) are summarised in the following table.

TABLE 2.1 MUSEUMS AND GALLERIES EDINBURGH ANNUAL FOOTFALL - 2019	
	NOS.
Museum of Childhood	185,394
Museum of Edinburgh	120,938
Lauriston Castle	107,760
City Art Centre	98,567
Writer's Museum	86,863
People's Story	64,072
Nelson Monument	64,678
Outreach	44,751
Scott Monument	23,338
Travelling Gallery	14,817
Queensferry Museum	5,767
TOTAL	816,945

The 3 most visited venues accounted for over 50% of the total visits and the top 4 accounted for over 62% of all visits. This shows a considerable concentration of visitor activity within the collection of Museums and Galleries Edinburgh venues. The top 4 venues are distributed across Edinburgh.

Based on visitor numbers to each venue between April and June 2023 the venues can be ranked as follows:

TABLE 2.2 MUSEUMS AND GALLERIES EDINBURGH FOOTFALL – QUARTER 1 2023		
	NOS.	
Museum of Childhood	35,679	24.8%
Museum of Edinburgh	33,676	23.4%
Writers Museum	33,485	23.3%
Peoples Story	16,827	11.7%
City Art Centre	15,628	10.9%
Scott Monument	7,273	5.1%
Lauriston Castle	1,242	0.9%
Nelson Monument	-	0.0%
Queensferry Museum	-	0.0%
Total	143,810	

Three of the 9 venues account for over 70% of the total visitor numbers during this time. These venues are each situated on or adjacent to the Royal Mile and demonstrate a concentration of MGE visitor numbers. The performance in terms of visitor numbers varies across the venues. This is examined further in the following section of the report.

The income generation opportunities have been considered previously by MGE and the following options have been identified:

- charging for entry
- donations
- the value of temporary exhibitions
- public programmes
- exhibition sales
- fundraising and philanthropic giving
- sponsorship
- retail and catering
- venue hire.

Each of these opportunities is to be considered in the strategic review of income generation.

Based on gross income generation at each venue between April and June 2023 the venues are ranked as follows:

TABLE 2.3 MUSEUMS AND GALLERIES EDINBURGH INCOME – QUARTER 1 2023		
	INCOME	
	£	%
City Art Centre	79,937	36.5%
Scott Monument	50,574	23.1%
Museum of Childhood	31,087	14.2%
Writers Museum	29,853	13.6%
Museum of Edinburgh	16,165	7.4%
Lauriston	9,590	4.4%
Peoples Story	1,710	0.8%
Nelson Monument	-	0.0%
Queensferry Museum	-	0.0%
Total	218,916	100%

Three of the venues account for over 70% of the income generated and 4 account for nearly 90% of the income generated. The leading venues for income generation are in city centre locations and demonstrate a concentration of income generation. The above income figures exclude the catering outlets at City Art Centre and Lauriston Castle.

Based on the income generated in Q1 2023 the proportion of total income generated from the various activities is as follows:

TABLE 2.4 MUSEUMS AND GALLERIES EDINBURGH PROPORTION OF INCOME BY ACTIVITY QUARTER 1 2023			
Admission Revenue	Events	Retail Sales	Donations
44%	1%	51%	5%

Retail income provides the majority of income in this period with revenue from admission providing 44% of all income. Donations and events are minority activities in terms of income generation.

Income from catering is excluded from this analysis as the franchise income is accounted for separately.

The contribution to income generation from each venue during this period is summarised in the following table. Events are the most concentrated of the income generating activities being entirely provided by City Art Centre. Donations are the most distributed source of income generation being dependent on 5 of the venues. Retail sales are dependent on 4 venues and admission income on 3 venues. City Art Centre is the only venue in this time period that generated income from each of the activities. The remaining venues generated income from either 1 or 2 activities or achieved no income generation.

TABLE 2.5 MUSEUMS AND GALLERIES EDINBURGH PROPORTION OF INCOME BY VENUE AND ACTIVITY QUARTER 1 2023				
	Entry Revenue	Events	Retail Sales	Donations
City Art Centre	37%	100%	38%	5%
Scott Monument	53%			
Childhood			25%	30%
Writers Museum			24%	26%
Museum of Edinburgh			13%	21%
Lauriston	10%			
Peoples Story				17%
Nelson Monument				
Queensferry Museum				
TOTAL	100%	100%	100%	100%

2.2 Summary

The following table summarises the footfall, income generation, range of income generating activities across the MGE venues.

Ranking by footfall	Ranking by level of Income Generation	Ranking by Diversification of Income Sources
Museum of Childhood	City Art Centre	City Art Centre
Museum of Edinburgh	Scott Monument	Museum of Childhood
Lauriston Castle	Museum of Childhood	Writer's Museum
City Art Centre	Writers Museum	Museum of Edinburgh
Writer's Museum	Museum of Edinburgh	Scott Monument

The recurring venues in these analyses are:

- Museum of Childhood
- Museum of Edinburgh
- City Art Centre
- Writer's Museum

These are all located in Edinburgh's Old Town either on or adjacent to the Royal Mile.

3.0 AUDIENCES AND ENGAGEMENT

3.1 Introduction

The following section considers the current situation of Museums Galleries Edinburgh, considering the monthly footfall across the sites and the visitor profile understood from a series of audience research reports commissioned. This enables the assessment of the development potential of different audience segments across each site.

3.2 Footfall

The tables and charts below summarise the monthly footfall across the main sites and additional locations for the year 2019, the final full year which was available where footfall was not influenced by Covid-19 restrictions.

**TABLE 3.1
MUSEUMS AND GALLERIES EDINBURGH
MONTHLY FOOTFALL 2019**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Totals
City Art Centre	9,027	10,927	8,736	13,167	5,107	4,360	7,622	10,986	7,710	7,832	7,382	5,711	98,567
Museum of Edinburgh	5,782	8,305	9,033	11,802	11,907	12,474	14,831	13,845	9,451	10,208	6,698	6,602	120,938
People's Story	2,252	2,905	3,189	3,584	5,498	5,277	10,038	9,221	6,815	6,740	4,387	4,166	64,072
Museum of Childhood	9,778	13,942	13,641	24,331	16,501	15,903	26,270	19,580	12,528	14,543	8,547	9,830	185,394
Writer's Museum	4,172	4,641	6,090	8,577	8,581	8,566	11,167	10,534	7,754	7,604	4,554	4,623	86,863
Scott Monument	1,671	2,408	1,250	1,345	2,140	2,425	2,728	3,105	2,043	2,216	800	1,207	23,338
Nelson Monument	2,446	2,592	2,503	7,308	6,715	7,404	10,723	10,202	6,779	3,897	1,899	2,210	64,678
Queensferry Museum	288	347	475	638	711	497	620	925	475	426	239	126	5,767
Lauriston Castle (Grounds)	4,000	5,191	6,490	9,567	10,963	11,548	13,279	11,874	9,581	10,731	6,400	8,136	107,760
TOTALS	39,416	51,258	51,407	80,319	68,123	68,454	97,278	90,272	63,136	64,197	40,906	42,611	757,377
Lauriston Castle (House)	40	91	470	327	597	424	781	831	290	725	434	360	5,370

Lauriston Castle is included twice to represent visitors who use free admission to the Grounds and those who incur the admission charge to gain access to Lauriston Castle by guided tour. The Nelson Monument visit numbers are for free access to the museum on the Ground Floor.

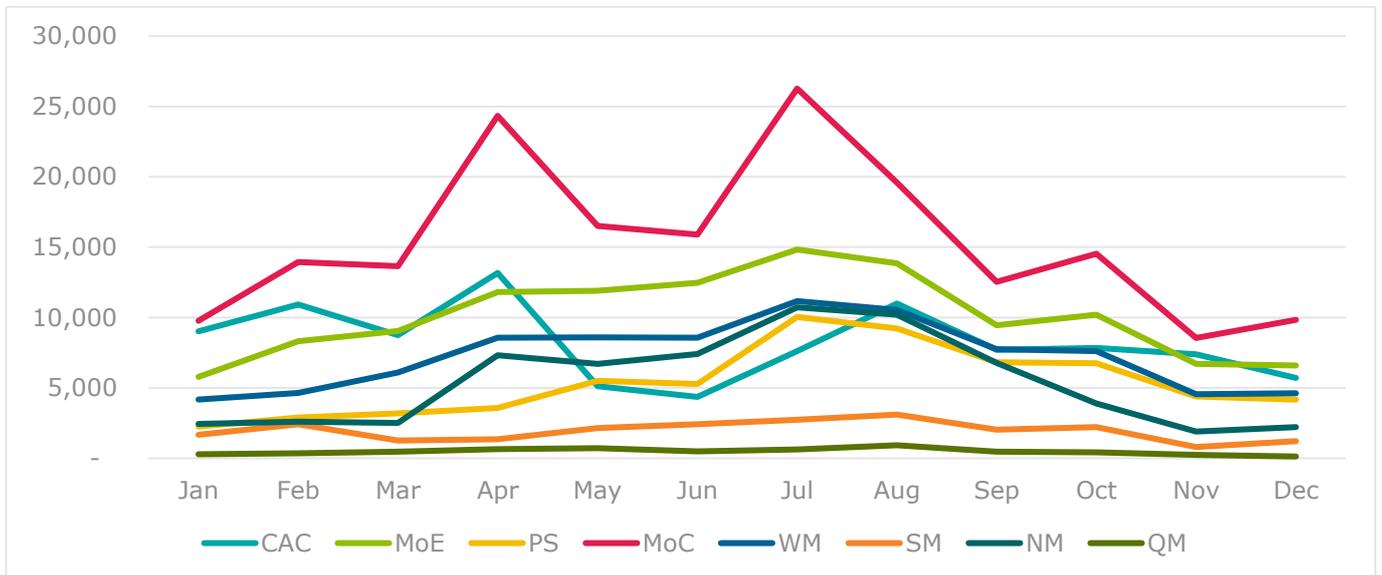
**TABLE 3.2
MGE MONTHLY FOOTFALL
2019 ADDITIONAL LOCATIONS**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Totals
Nelson Monument Admission	1,209	1,300	1,347	1,865	1,947	1,970	3,278	3,648	2,579	1,622	797	951	22,513
Joint Scott Monument/Nelson Monument	-	-	-	-	7	13	6	6	7	6	1	7	53
Nelson Monument non-paying	1,237	1,292	1,156	5,443	4,761	5,421	7,439	6,548	4,193	2,269	1,101	1,252	42,112
Outreach	5,069	9,703	9,922	6,233	6,404	3,138	2,243	325	298	300	593	523	44,751
Museums Collection Centre	-	12	20	46	52	13	5	9	-	-	42	20	219
Travelling Gallery	-	-	1,300	2,338	2,069	2,090	-	754	2,815	1,477	1,293	681	14,817
Burns Monument									848				848
TOTALS	7,515	12,307	13,745	15,925	15,240	12,645	12,971	11,290	10,740	5,674	3,827	3,434	125,313
Mimi's Bakehouse Transactions			5,552	4,938	3,929	5,775	5,943	8,787	6,588	3,436	5,696	5,505	56,149

The Nelson Monument visit numbers are for those who pay to gain access to the tower.

The chart below provides a summary of the data presented in Table 3.1 above.

CHART 3.1: MONTHLY FOOTFALL 2019

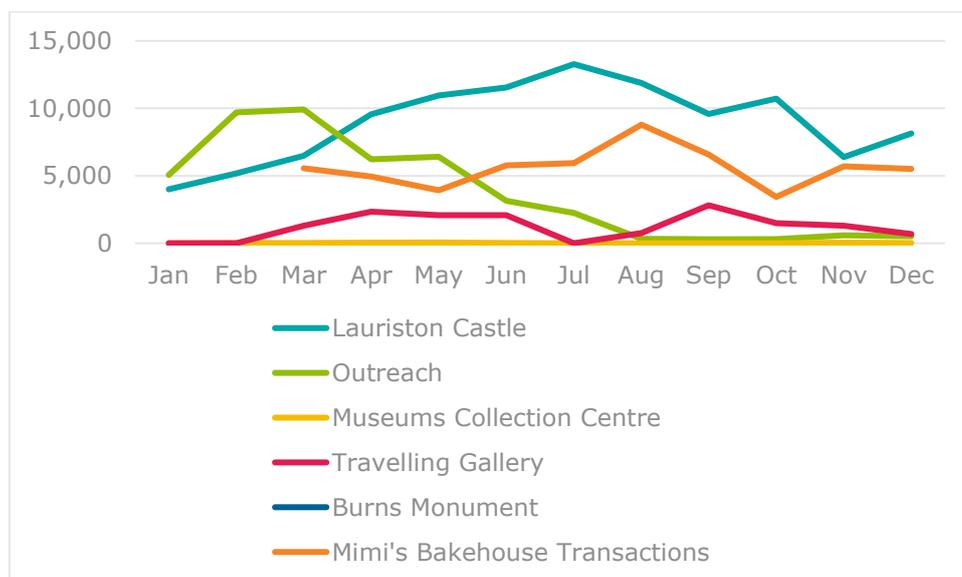


The Museum of Childhood received the highest volume of visitors in 2019 (185,394), though was subject to the most pronounced seasonal trends, reflecting the school holidays.

The Museum of Edinburgh received the next highest visitor volume (120,938), but was much less subject to seasonality. Both of these attractions are located on the Royal Mile

The City Arts Centre received 98,567 visits in 2019. It mirrors the pronounced seasonality of the Museum of Childhood.

CHART 3.2: MONTHLY FOOTFALL 2019 ADDITIONAL SITES



As additional sites, these attractions reflect visitor offer and opening times rather than seasonality. The Mimi's Bakehouse outlet, located at Lauriston Castle, has a notable peak during August however.

3.3 Visitor Profile

The following information is drawn from the 2019 Visitor Survey & Public Programme Research commissioned by MGE with the objectives of finding out:

- Who was currently attending and how that had changed
- What were the motivations to attend
- How satisfied were attenders
- What communication is effective

100 face- to-face interviews were undertaken at the following sites:

- City Art Centre
- Nelson Monument
- Museum of Childhood
- Museum of Edinburgh
- People's Story
- Scott Monument
- Writers' Museum

Visitor Origin

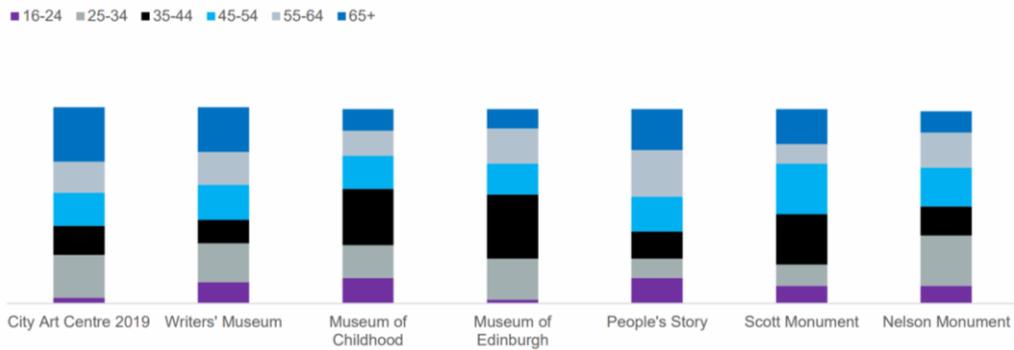
- In 2019, 42% of visitors across all 7 sites came from abroad, a slight decrease from 2010, when 51% of visitors were from abroad.
- 23% came from the UK other than Scotland, again a very slight decrease of 2% from 2010.
- 15% came from Edinburgh, a 2% increase from 2010.
- Only 2% came from the Lothians in 2019, a decrease from 4% in 2010.
- 18% came from the rest of Scotland, an increase from 8% in 2010.

The City Art Centre was the only site in 2019 where more people visited from the rest of the UK rather than abroad. This attraction also had the highest proportion visitors from the rest of Scotland (excluding Edinburgh and the Lothians). The Museum of Edinburgh had the highest proportion of visitors from within Edinburgh itself.

Age

The highest proportion of visitors in 2019 fell into the 35-44 age bracket (21%). The previous highest proportion, in 2010, had been the 55–64, also with 21%. The least represented age bracket was 16-24 with 9%, a decrease from 17% in 2010. Conversely, 18% of visitors in 2019 were aged 65 and over, compared with just 10% in 2010.

CHART 3.3: AGES ACROSS SITES



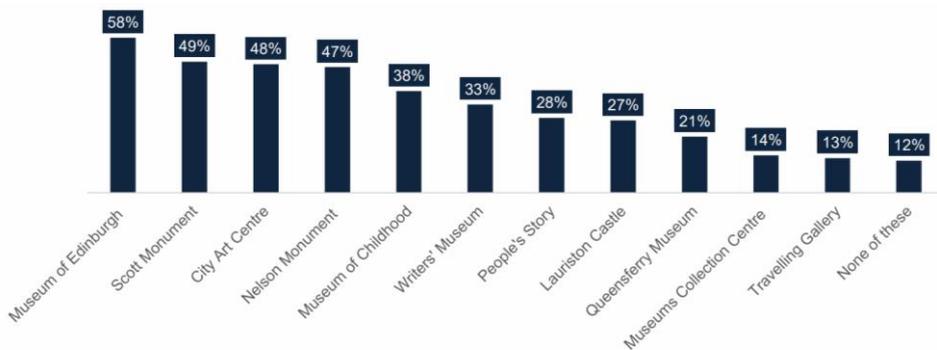
The Museum of Edinburgh and the People’s Story attract the highest number of 16-24 year olds. Interestingly, the Nelson Monuments receives significantly more visitors in the 25-34 age bracket than any other attraction.

Previous Attendance

- 83% of respondents were attending the site in question that day for the first time in 2019 (a decrease from 93% in 2010). 9% had visited the site once in the last year.

Venue Awareness

CHART 3.4: VENUE AWARENESS AMONGST VISITORS

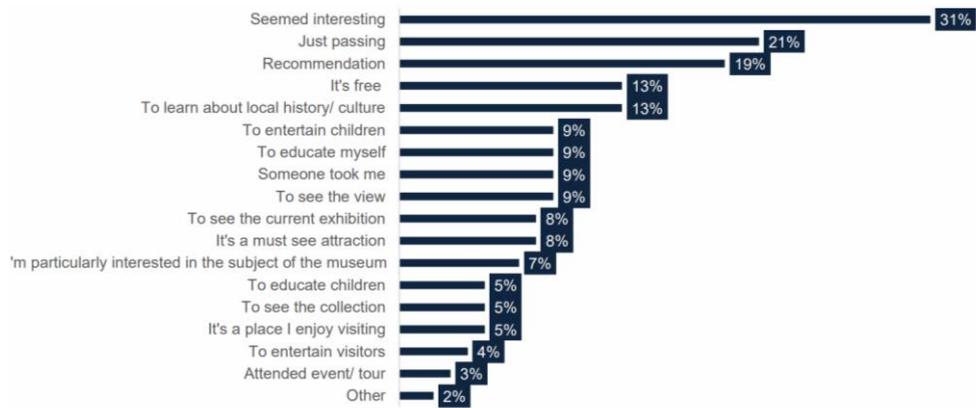


When asked which of the venues they had heard of before, 58% had heard of the Museum of Edinburgh, 49% the Scott Monument and 48% the City Art Centre. The Travelling Gallery and the Museums Collection Centre had the lowest recognition with 13% and 14% respectively.

Visitor Motivation

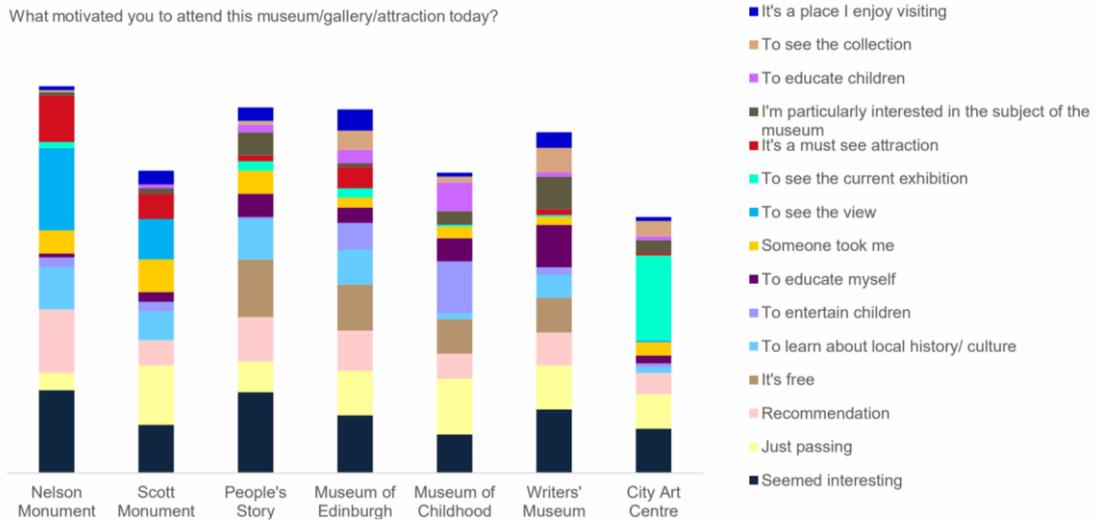
When asked what motivated them to attend the site of their interview today, 31% visited out of interest, and 21% were passing. 19% were motivated by a recommendation. Notably, only 4% were using the sites to entertain visitors.

CHART 3.5: VISTOR MOTIVATION



The chart below breaks these motivations down across the sites.

CHART 3.6: VISITOR MOTIVATION ACROSS SITES

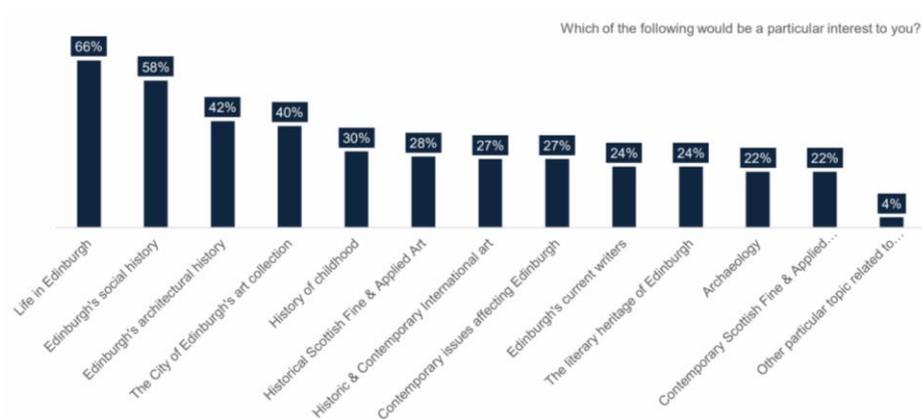


Visitors to the Nelson Monument came for the view, on a recommendation, and considered it a must-see attraction. The City Art Centre visitors were predominantly motivated by the desire to see an exhibition, while entertaining children was one of the dominant motivations for visitors to the Museum of Childhood.

Visitor Interests

Visitors were asked what would be of interest to them.

CHART 3.7: VISITOR INTERESTS



When asked to select from a list which activities would encourage them to visit more, 55% responded "None [of the activities listed]".

16% of respondents selected tours, 15% interactive displays, 10% events for children, and 10% events for adults.

Satisfaction

- Customer Service – in 2019, this was rated excellent by 73% of respondents
- Opening Hours – in 2019, this was rated excellent by 70% of respondents
- Overall Experience – in 2019, this was rated excellent by 68% of respondents

Information

The most common method of finding information about the sites was via friends/ family/word of mouth (25%), with 20% of respondents just walking past. 14% had always known about it, and 13% utilised the MGE website. Notably, no respondents learned about their site through social media, although 7% had looked their site up on social media before they visited (21% suggested they did generally before a visit to museum/ gallery however). 43% said they generally used a museum or galleries website, though only 22% did prior to their visit to the site in question.

When looking up museums and galleries prior to a visit, 59% used websites to learn opening times, 56% to find out what they could see, 52% to check location, and 50% to check cost.

3.5 Public Programming

MGE received 601 responses to a survey sent to public programme attendees. The percentages below represent 595 respondents.

- 81% of attendees are women
- 54% were aged between 55-74
- 59% of attendees reside in Edinburgh
- 81% of attendees sought information on the programme deliberately

- People attended the adult programme 6 times in 2 years on average
- 55% attend to educate themselves and 47% to learn about art
- The top barriers to doing more are not knowing what's on (31%), sold out events (29%) and no events of interest (27%)
- The quality of event (68% VG) was rated higher than experience attending the event (56%)
- 37% rated information about the event as very good
- People are most interested in talks related to exhibitions (78%), lectures (67%) and exhibition tours (65%)

3.6 Digital Strategy

The Digital Strategy was developed in March 2023, based on the result of a survey to understand how people were using the digital offer, why others weren't, and how it could be improved. Its key findings included:

- The online demographic programme is more similar to the public programme profile, than the in-person profile. This included 59% of users drawn from Edinburgh and the Lothians, with 50% were aged between 50-75. 75% were women.
- 15% were not confident online (mainly older respondents).
- Virtually all respondents were museum or gallery attenders with 68% attending five or more times in a normal year. 85% of respondents have attended a Museums & Galleries Edinburgh site in the last 3 years.
- Over half of people had engaged online with a heritage activity, with over 80% interested in at least one event listed.

The conclusions reached from the research included:

- The importance of considering the needs of those with low digital confidence.
- The research indicated that there are people with an interest and engagement with museums and galleries, including M&GE who have nevertheless not engaged with the M&GE current digital offer. It was concluded that offers should be developed to address this.
- It was concluded that there is demand for online activities and online engagement particularly for talks and tours and images and video. People are also interested in the use of digital in venue and online communities; it was therefore considered that the initial challenge to be overcome is to increase the number of people following on social/looking at the website.
- It was observed that there is good satisfaction with online events/activities, but that the potential to improve delivery exists. It was felt that there is an opportunity to improve satisfaction with web and social channels.
- It is proposed in the development of the strategy to draw on the examples people gave in the survey. This would include short and focused content, supported by high quality images and enthusiastic presenters, with an emphasis on consistency. It is noted that the MGE collections align well with the interests expressed by people, including social history, and there should be a focus on diverse stories.

3.7 Summary

- Sites located on or adjacent to the Royal Mile receive considerably more visits than the other MGE venues.
- All sites are broadly subject to seasonal patterns, though some more notably than others.
- Over 60% of those who visit the sites come from abroad or from elsewhere in the UK. The smallest volume of visitors come from the Lothians.
- A high majority of those interviewed were visiting the venue for the first time.
- Over half of the respondents were visiting out of casual interest or because of opportunity.
- This motivation is reflected in the answers to visitor interests options, where over half of respondents had no particular interest in the options outlined.
- It is also reflected in the methods which people hear about the sites, with over half either hearing about it from family or friends or just noticing the site walking past.
- While there the majority of respondents expressed positive satisfaction, the results suggested there was nevertheless the potential for improvement.
- The public programme is largely attended by a highly engaged group of locals, with a significant majority of these being female.
- This was mirrored by those who engaged digitally.

4.0 COMPARATOR ANALYSIS

4.1 Introduction

This section considers the lessons that may be derived from comparator museums, galleries and the organisations responsible for their operation and management in advance of developing and considering relevant options for Museums and Galleries Edinburgh. Some of the information used in this section is confidential and the sources have been anonymised to allow the data and lessons to be used without identifying the source museum, gallery or organisation.

4.2 Charging for entry

The Scottish Visitor Attraction Monitor published by the Moffat Centre for 2019 reported that of the 678 participating attractions, 332 provided free admission attracting 44.7 million visits in that year. The 346 paid for admission venues attracted 20.5 million visits.

Greater Glasgow and Clyde Valley has the greatest concentration of free admission attractions with 67% of all participating venues in the area providing free admission.

City of Edinburgh has a variety of free and paid attractions. These include many of the National Museums, Galleries and Libraries which provide free admission to the permanent collections and charge for special exhibitions. Edinburgh also has venues operated by Historic Environment Scotland, The Royal Collections Trust, Edinburgh University and several leading independent charities which provide paid for attractions, e.g. Edinburgh Castle, Holyrood Palace, St Cecilia's Hall, Dynamic Earth, and the Royal Yacht Britannia.

Where admission charges are levied for the main element of the attraction the average admission charges in 2019 were as follows. The charges are shown in **2023 prices** and at 2019 prices:

- Adults **£10.43** (£8.46)
- Concessions **£7.28** (£5.91)
- Child **£5.36** (£4.35)

A variety of discount schemes were in operation with the most popular one being a Members/friends discount. Less popular were discounts for:

- Advance purchases
- Bundle discounts
- Season tickets
- Discounts for local residents

The average visitor spend on admission charges in 2019 were as follows:

- All visits average visitor spend on admission **£5.40** (£4.38)
- Average spend per visit on admission at paid for attractions **£6.17** (£5.01)

The Visitor Attraction Monitor also categorises admission charges by the nature of the venue. Of relevant to MGE are the following categories and the average admissions spend per visit:

- All categories **£5.40** (£4.38)
- Castles/Forts **£5.95** (£4.83)
- Historic House / Palaces **£9.82** (£7.96)
- Museums / Art Galleries **£3.75** (£3.04)
- Other Historic Properties **£2.71** (£2.20)

There is also a geographical analysis as follows:

- All visits average visitor spend on admission **£5.40** (£4.38)
- Edinburgh and Lothian average visitor spend on admission **£6.84** (£5.55)
- Greater Glasgow **£1.29** (£1.05)

4.3 Retail

The average visitor spend on retail in 2019 were as follows:

- All visits average visitor spend on retail **£2.42** (£1.96)
- Average spend per visitor on retail at free attractions **£1.27** (£1.03)
- Average spend per visitor on retail at paid for attractions **£2.92** (£2.37)

These averages will include attractions that do not provide retail facilities and venues where the retail facility may be a modest table top display through to a full shop.

The Visitor Attraction Monitor also categorises retail spend by the nature of the venue. Of relevant to MGE are the following categories and the average retail spend per visit:

- All categories **£2.42** (£1.96)
- Castles/Forts **£2.63** (£2.13)
- Historic House / Palaces **£3.29** (£2.67)
- Museums / Art Galleries **£1.17** (£0.95)
- Other Historic Properties **£2.49** (£2.02)

There is also a geographical analysis as follows:

- All visits average visitor spend on retail **£2.42** (£1.96)
- Edinburgh and Lothian average visitor spend on retail **£2.70** (£2.19)
- Greater Glasgow average visitor spend on retail **£1.50** (£1.22)

4.4 Catering

The average visitor spend on catering in 2019 were as follows:

- All visits average visitor spend on catering **£1.73** (£1.40)
- Average spend per visitor on catering at free attractions **£0.58** (£0.47)
- Average spend per visitor on catering at paid for attractions **£2.58** (£2.09)

These averages will include attractions that do not provide catering facilities and venues where the catering facility may be a vending machine through to a full restaurant.

The Visitor Attraction Monitor also categorises catering spend by the nature of the venue. Of relevant to MGE are the following categories and the average catering spend per visit:

- All categories **£1.73** (£1.40)
- Castles/Forts **£2.42** (£1.97)
- Historic House / Palaces **£2.75** (£2.23)
- Museums / Art Galleries **£1.31** (1.06)
- Other Historic Properties **£1.18** (£0.96)

There is also a geographical analysis as follows:

- All visits average visitor spend on catering **£1.73** (£1.40)
- Edinburgh and Lothian average visitor spend on catering **£1.55** (£1.26)
- Greater Glasgow average visitor spend on catering **£3.19** (£1.05)

4.5 The value of temporary exhibitions

Our brief has invited us to consider the value of temporary exhibitions in the context of income generation. It is vital that temporary exhibitions are considered from a number of perspectives in addition to income generation to identify and understand the short, medium and long-term impacts of a programme of temporary exhibitions.

Temporary exhibitions have a significant value in terms of audience development. They provide the opportunity to attract new audiences, converting previous non-visitors / potential visitors to actual visitors. They provide the means to address previously excluded audiences by presenting a new collection or interpreting an existing collection in a new way provides a means of challenging audience perceptions about the organisation, the venue and / or the collection. Temporary exhibitions can also provide a means of motivating previous visitors to return and revisit the collection, venue and re-engage or continue their engagement with the organisation.

In addition to audience development objectives there can be cultural and curatorial objectives based around sharing important collections, or important information about collections. These objectives may have varying impacts on the audiences. Not all temporary exhibitions will be blockbusters which attract very significant visitor numbers. The value of temporary exhibitions cannot only be measured in terms of visitor numbers. The quality of the exhibition, the value of the exhibition to the reputation of the venue and organisation and the impact on the visitor who did attend are each valid measures of an exhibitions value.

Temporary exhibitions can therefore have multiple objectives and they can differ in their priorities. In terms of income generation, the development of new audiences is a vital long-term objective for the sustainability of any venue and organisation. The ability to attract previous visitors to repeat visit is also a long-term objective that is important for a venue and organisation, more so where it relies on repeated engagement with a local population. Where the visitors are drawn from a population that is ever changing, e.g. tourist visitors, this may be less important but the need to attract new audiences is therefore a constant.

In terms of income generation, the temporary exhibition programme is vital in securing new audiences and important in retaining audiences. These provide long-term benefits in terms of opportunities to increase visitor numbers and generate additional visitor expenditure through admissions income, retail, catering and donations.

The short-term benefits of temporary exhibitions are related to the opportunities for some temporary exhibitions to be able to generate admissions income, additional retail income and consequential catering income and donations. However, this should not lead to a conclusion that every temporary exhibition can or should charge admission or can sustain a pop-up retail facility. Audience development requires a mix of free and paid admission temporary exhibitions to encourage and enable a diverse audience to engage with the collections, venue and organisation.

Temporary exhibitions can also support income generation by providing an objective for fundraising. Several funding organisations are prepared to provide revenue funding to support audience development and curatorial objectives addressed by temporary exhibitions. This is considered further in the section on fundraising and philanthropy.

We are not aware of a museum or gallery that uses its temporary exhibition programme to pursue exclusively income generation. Most museums and galleries vary, and sometimes combine, their audience development, curatorial and income generation objectives. One of the reasons for not pursuing purely income generation objectives is because it is extremely difficult to assess the demand for a new temporary exhibition in advance of presenting it to

the public. Similarly, if seeking fundraising to support a temporary exhibition the success of such a fundraising campaign is difficult to assess in advance.

4.6 Public programmes

Public programmes can have similar objectives to temporary exhibitions in that they can support audience development and income generation. The income generation can be direct through admission charges, indirect through the recruitment of new audiences, or through fundraising to contribute to the associated revenue costs associated with the exhibition. Several funding organisations are prepared to provide revenue funding to support audience development and curatorial objectives addressed by public programmes. Funding organisations prefer to fund new initiatives that address new audiences in new ways. Continuation funding for activities is more difficult unless engagement with the target audience is an objective of the funding organisation. Even then revenue funding generally has time limits, even if this is sometimes measured in years. This is considered further in the section on fundraising and philanthropy.

Museums Galleries Edinburgh has an established series of public programmes delivered through its Learning and Programmes team. Its target audiences include the following:

- Schools
- Community Groups
- Further and Higher Education Groups
- Local Art and Craft Lovers
- Family Learning Groups
- Lecture Lovers
- Older Groups
- Specialist Groups
- Visitors to the City
- Organised Tour Groups

The key venues for the delivery of public programmes are currently:

- The City Art Centre
- Lauriston Castle
- Museum of Edinburgh
- The People's Story Museum
- The Writers' Museum
- Museum of Childhood

4.7 Fundraising and philanthropic giving

There are a number of relevant observations to make about the potential income generation from fundraising and philanthropic giving. The first of these is to consider the different purposes that fundraising and philanthropic giving can support. New capital projects represent quite different fundraising challenges from new revenue projects. Capital projects are typically larger, require plural funding and are frequently pursued and achieved over longer time periods. Revenue projects, such as temporary exhibitions, tend to be smaller in scale, have the potential to be funded by a single organisation or individual, and have shorter timescales.

The emphasis on new projects is key in fundraising. It is possible to fundraise to support existing costs but this is recognised as more challenging and an even greater challenge is fundraising to meet core operating costs.

Irrespective of the fundraising challenge our experience from working with museum and gallery organisations, project steering groups and funding organisations is that successful fundraising requires resources and commitment. Any type of fundraising is about developing relationships with the funders, whether these are Trusts and Foundations, national funding organisations, or philanthropists. Several Trusts and Foundations reinforce this relationship by stating clearly that initial applications are unlikely to be successful.

Successful fundraising also recognises that only 4% of funding applications are successful. There is a spectrum of performance across the fundraising sector and many organisations with professional fundraisers who have operated for many years will achieve a higher success rate. There will also be organisations that rely on their volunteers to complete funding applications and may have no relevant experience and their initial success rate may approximate to zero percent. Even successful fundraisers will commit resources to applications that will not succeed.

Without a dedicated fundraising resource and a commitment to support that resource over a minimum of 3 years, fundraising is unlikely to be able to develop the relationships that are a prerequisite for successful fundraising.

The fundraising resource has a greater chance of success if the project that is being fundraised for is new. Establishing a fundraising resource to secure support for core costs sets a challenge that is unlikely to secure an experienced fundraising resource. Fundraising for temporary exhibitions or public programmes can extend beyond a single event and there are examples of multi-annual and multi-event fundraising. However, permanent funding is unlikely and three-years without a break is the maximum that we have witnessed in our work across the cultural sector.

The other feature to consider is the nature of the applicant organisation. There are many examples of local authorities securing external funding for new capital projects and new revenue projects from grant giving organisations. There is no barrier to local authorities in securing such funding. City of Edinburgh Council has received external funding for the refurbishment of the Assembly Rooms from the National Heritage Lottery Fund (previously the Heritage Lottery Fund). Aberdeen City Council received significant NLHF funding for the remodelling of Aberdeen Museum and Art Gallery and Cowdray Hall.

Aberdeen City Council was not successful in securing major philanthropic funding to support the redevelopment of the Aberdeen Museum and Art Gallery. In part this was a consequence of the funding being required for and received by the local authority. We cannot say with certainty that if Aberdeen City Council had an arms-length culture trust that the outcome would have been different but there are other examples that suggest that this might have been the case.

Glasgow City Council, through Glasgow Life, has received significant funding over many years for projects including the restoration of Kelvingrove Art Gallery and Museum, The Transport Museum and most recently the refurbishment of the Burrell Collection. Glasgow Life has provided the local authority with a 'vehicle' that can approach Trusts and Foundations and philanthropists with an identity that is both distinct and separate from the local authority.

4.8 Sponsorship

For the purposes of this report we have defined sponsorship as corporate sponsorship and this is distinct and separate from fundraising from philanthropic sources and also donations. Sponsorship involves a relationship with an organisation in return for acknowledgement of their support in relevant marketing and communications. Sponsors

are typically keen to identify an activity, e.g. temporary exhibition, public programme or gallery refurbishment, with which they would like their brand to be associated.

Sponsorship is similar to fundraising and philanthropy in the sense that it is about developing a relationship with a sponsor and matching their objectives with a suitable sponsorship opportunity. Cultural organisations which have achieved success with sponsorship typically have a development department that manages these relationships and opportunities.

4.9 Donations

We have defined donations in this report as donations from the public.

The suggested donations at MGE venues are as follows:

- City Art Centre £3
- Writers' Museum £3
- Museum of Edinburgh £3
- The People's Story Museum £3
- Museum of Childhood £3
- Queensferry Museum £3
- Museums Collections Centre £3
- Nelson Monument Donation amount not specified

Donations vary considerably across the museums and galleries sector. Where donations are canvassed by staff (paid or volunteer) the number of visitors donating increases as does the level of the donation. However, the level of donations does not meet the costs of where additional staff are required. Anecdotal evidence since the pandemic suggests that the introduction of contactless donation points with supporting communications increases the number and level of donations.

4.11 Venue hire

Venue hire is an attractive source of income as it monetises the venues that the museum and gallery operate from. However, the costs of pursuing venue hire are frequently disguised or hidden and include financial costs and opportunity costs. Venue hire typically requires space and in some venues this requires creating the space in galleries or in rooms used for other purposes, e.g. learning suites. Some galleries, e.g. National Waterfront Museum, Swansea has the facility to mechanically retract display cases to the fringe of the gallery to create a function space. Other museums and galleries have significant circulation spaces and temporary display galleries, e.g. National Museum of Scotland. MGE's City Art Centre demonstrates these same characteristics.

The opportunity cost of venue hire is frequently the impact on the operation of the museum and gallery and on the visiting public. Where the venue hire uses those galleries or learning suites used by visitors and these require some form of set-up they are not available for use by visitors during this time. In some cases venues close to visitors to allow the set-up to be achieved most efficiently.

Where venue hire takes place or continues out of hours this incurs additional staff costs. These are sometimes recoverable from the client organisation and sometimes included in the hire fee. However these costs are covered they reduce the yield from venue hire activity.

5.0 OPPORTUNITIES FOR FUTURE INCOME GENERATION

5.1 Introduction

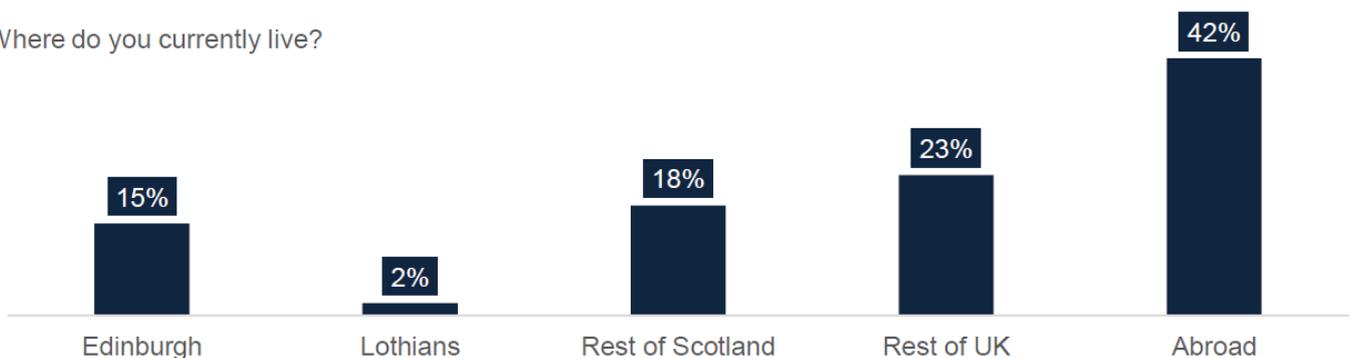
The income generation opportunities have been considered previously by MGE and the following options have been identified:

5.2 Charging for entry

Currently the majority of MGE venues provide free admission for all visitors. Based on data for Q1 2023 91% of admissions were free with only 9% of visits incurring admission charges. The paid admissions included the Scott Monument, the City Art Centre and Lauriston Castle. Free admissions were available at Lauriston Castle (Grounds), Queensferry Museum, City Art Centre, Museum of Edinburgh, People's Story, Museum of Childhood, the Writers' Museum, the Nelson Monument.

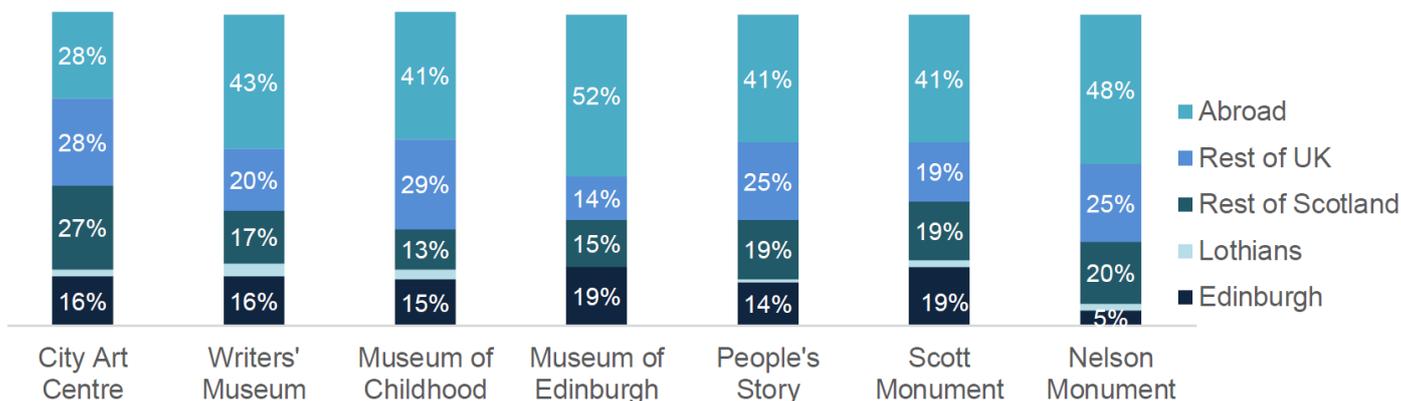
One of the considerations when assessing the potential impacts of charging for entry is to understand the audience profile. The 2019 MGE Visitor Survey provides a number of valuable insights. Overall, the survey sample of 700 respondents provides a robust and representative sample of the audiences for the seven MGE venues where surveys were conducted. 15% were from Edinburgh. This means that out of every 100 visitors 85 were from outwith Edinburgh. This reflects Edinburgh's position as the capital of Scotland and as a major tourist and visitor destination.

Where do you currently live?



The visitor profile for each venue found some variations as follows. The Museum of Edinburgh and the Scott Monument achieved the highest proportion of Edinburgh residents as visitors at 19%. The Scott Monument is a paid for attraction and the Museum of Edinburgh is free admission. The Nelson monument has the lowest proportion of visitors from Edinburgh at 5%.

The City Art Centre has the highest proportion of domestic visitors from both Scotland and the wider UK. It has the lowest proportion of overseas visitors. The programme of temporary exhibitions clearly appeals more to the domestic audience than the overseas audience.



Lauriston Castle was not included in the 2019 survey.

The attraction of extending the admission charges from the current venues is the potential yield that would be achieved. The venues are all currently operational and introducing charges would change the roles of staff at each venue but would not necessarily increase the staff requirement. Some sites may require the introduction of upgraded equipment to allow charges to be levied, income received, and data on visitors captured.

The introduction of charges would impact on visitor numbers. In our experience the introduction of admission charges where admission was previously free generally results in a reduction in visitor numbers of up to 50%. The precise impact depends on the elasticity of demand from the various audience segments. Local residents are likely to have the greatest elasticity and overseas tourists the lowest elasticity. Therefore the impact on admission charges would see visitation by local residents and residents of the Lothians and Scotland reduce by up to 50%, with the impact on tourists likely to be less.

The precise impact would depend on the level of admission charge levied. The higher the charge the greater the reduction in visitor numbers. The lower the charge the less the reduction in visitor numbers.

The short-term impact of a competitive admission charge on visitor numbers is estimated as follows:

TABLE 5.1 IMPACT OF ADMISSION CHARGES ON VISITOR NUMBERS		
	Visitor Numbers 2019	Visitor Numbers After Admission charges
City Art Centre	98,600	63,100
Museum of Edinburgh	120,900	80,400
People's Story	64,100	42,600
Museum of Childhood	185,400	125,100
Writer's Museum	86,900	57,100
Scott Monument	23,300	23,300
Nelson Monument	64,700	44,100
TOTAL	643,900	435,700

Visitor numbers would potentially experience a fall of 32%.

5.3 Retail

The current retail activity is focussed on the City Art Centre, Museum of Edinburgh, Museum of Childhood and the Writer's Museum. The performance of retail at these venues is below the benchmark provided by the Visitor Attraction Monitor. This suggests that there is potential to increase the retail income. Where this can be achieved at existing retail outlets the yield will be greater as the equipment and staff resources are already in place.

Part of the explanation for the current performance are the constraints imposed on procurement by the Financial Regulations of the Local Authority. If these could be relaxed the retail purchasing activity would be less constrained and assist in enhancing the performance of MGE retail. It is also highly likely that the retail facilities in each current location would benefit from either being refreshed, layout improved and layout expended where possible.

The target retail spend per visitor based on an enhancement of the current operation should be £1.27. This represents a 34% uplift in retail income.

Further enhancements to retail income would require additional retail facilities at those locations where there is currently none. This would include the People's Story. The Scott Monument presents a number of challenges in terms of retail. The low visitor numbers and the space constraints combine to limit the yield that could be achieved even if a retail facility could be accommodated.

It should also be noted that if admission charges were to be introduced that this would have an adverse impact on visitor numbers and result in a reduction in total retail income. However, the reduction could be offset by enhancements to the spend per visitor.

5.4 Catering

The current catering operation is a franchise with Mimi's. The franchise has operated at the City Arts Centre since 2018 and since 2020 in the grounds of Lauriston Castle. The two operations are different in style with Mimi's Bakehouse at the City Art Centre providing a seated cafe service with an all-day brunch menu and Mimi's Little Bakehouse at Lauriston Castle Operating providing a takeaway service with limited seating, serving a small savoury menu and a selection of cakes and hot drinks.

Increasing income from catering would require introduction of catering into some of the other venues, expanding the existing facilities or increasing the performance of the existing facilities. The introduction of additional catering outlets would require investment to create the facilities and provide the equipment. Feedback from other new sites indicates that franchise operators are unable to provide investment in equipment for new operations and this is a cost that has to be met by the franchisor.

The yield on investment in catering has therefore to be viewed in the medium to long-term.

5.5 The Value of temporary exhibitions

Museums and Galleries Edinburgh already has considerable experience of charging for temporary exhibitions and this is one of the major draws of the City Arts Centre and is demonstrated in the different audience segments it attracts when compared with other MGE venues.

While an income generating strategy can consider increasing the income from temporary exhibitions there is significant market and financial risk associated with such a strategy. The recent Peter Howson exhibition demonstrates some of this. The expenditure incurred by MGE in staging the exhibition amounted to an estimated £130,000. The potential income based on achieving maximum capacity was forecast as £248,000. The breakeven level of attendance was forecast to be 52% of the maximum.

Temporary exhibitions can secure additional income but the risk is that the exhibitions will not cover their costs and result in a drain of resources from MGE.

5.6 Public programmes

Public programmes has the potential to increase income generation. However, the provision of the programmes faces similar challenges to temporary exhibitions in that they require resources to deliver them. The ability to recover the full cost of delivery from user charges is difficult as there are constraints on the level of charges that users will accept.

The opportunity is to increase the income generation from the current resources. Additional resources are unlikely to be able to generate sufficient income to meet the new costs. The only exception to this is likely to be where the existing resources are supplemented with freelancers to deliver particular aspects of the programme, where the additional costs are covered by the additional income.

5.7 Fundraising and philanthropic giving

The opportunities for fundraising and philanthropic giving will continue to be constrained unless MGE is established as an arms-length organisation. In the absence of such a major change the opportunities for MGE will be confined to the following:

- Capital funding for major projects from the National Lottery Heritage Fund
- Revenue funding from Trusts and Foundations interested in the programme objectives around audience development and learning

These are likely to be conducted on an ad hoc basis by existing staff responsible for developing the capital and revenue projects.

Should MGE be able to establish itself as an arms-length organisation then the long-term opportunity would be to create fundraising relationships with Trusts and Foundations and philanthropic sources with a view to generating a recurring source of income. Such an approach would require the commitment to a Development Department of at least 2 persons (Head of Development, and Development Assistant). This would require a commitment to meet the annual Development Department salary costs of up to £80,000 for up to 3 years before the Department would be able to cover its own costs.

5.8 Sponsorship

Sponsorship requires the development of relationships with corporate sponsors. This is an area which requires careful management to avoid any reputational harm from associations with organisations which are involved in activities that can be considered by some audiences and stakeholders as controversial. Recent examples have included pharmaceutical companies and energy companies.

As a local authority museum service the risk of reputational harm from such associations is no greater than with other museums and galleries but the extent of the harm may be greater.

If sponsorship is to be extended then a dedicated sponsorship management function within a Development Department should be considered. The development of sponsorship should be viewed as a long-term commitment to identify and recruit suitable corporate partners.

5.9 Donations

Museums and Galleries Edinburgh has been developing its approach to donations. However, we observe that competitors and comparators have achieved considerable success by introducing contactless donation points. These are increasing common and accepted by visitors. These are frequently accompanied by suggested levels of donations and an explanation about how the donations will be used or an illustration of the daily operating costs of the museum or gallery in which donations are being sought.

The contactless donation equipment can be purchased or leased. Leasing has the advantage that the equipment can be updated as technology improves and enhances the user experience.

5.10 Venue hire

Generating net income from venue hire needs to recognise the potential impact on the core activity of providing public access to museum and gallery collections. Venue hire activity can incur significant real costs and considerable opportunity costs. Generating significant venue hire income would require the development of expertise in new markets with new user groups. The current expertise is with visitor market segments.

6.0 OPTIONS APPRAISAL

6.1 Introduction

This section considers the opportunities for income generation for MGE and presents alternative approaches and strategies to assist in determining the most appropriate way forward. The options are presented as scenarios and as such can be unbundled and packaged to provide new and further options. One of the objectives for the options is to determine how MGE can achieve its target of achieving an additional £200k of new income. We have assumed that where this income can be achieved based on existing resources, rather than requiring new capital or revenue resources that is to be preferred.

6.2 Options

6.2.1 Summary

The following table summarises the components of each of the options considered.

TABLE 6.1		
INCOME GENERATING OPTIONS		
	SCENARIO 1	SCENARIO 2
	Audience Led Income Generation	Admission Charges
Admission Charges	No change to current regime	Extend admission charging regime to Museum of Edinburgh, Museum of Childhood and Writer's Museum.
Retail	Increase turnover from current facilities	Increase turnover with investment in new retail layouts
Catering	No change to current regime	No change to current regime
Fundraising and Philanthropic Giving	Consider revenue funding application for 3-year programme of activities with target audiences	No change
Temporary Exhibitions	No change to current regime	No change to current regime
Public Programmes	Introduce additional activity programme to attract new audiences.	No change
Donations	Introduce new contactless donation points at Royal Mile attractions.	No change
Venue Hire	No change	

6.2.2 SCENARIO 1 - Audience Led Income Generation

This option focuses on the current audiences as one of MGE's most significant assets in terms of income generation. The key changes would be in the following areas:

- **Retail** - Increase turnover from current facilities
- **Fundraising and Philanthropic Giving** - Revenue funding application to NLHF for 3-year programme of activities with excluded audiences
- **Public Programmes** - Introduce additional activity programme to attract new target audiences.
- **Donations** - Introduce new contactless donation points at Royal Mile attractions.

The target increase in retail would be to reduce the gap between the current performance and the Visitor Attraction Monitor benchmark by 50%. This assumes no significant investment in the retail environment and would prioritise the need to revise the procurement policy to provide greater freedom for buyers to develop standard commercial relationships with suppliers.

This alteration would increase turnover by an estimated £0.16 spend per visitor achieving an increase in turnover of an estimated £80,000 per annum. With an estimated cost of goods percentage of 40% this would result in **additional net retail income of £48,000**.

Donations represent a critical aspect of income generation for many visitor attraction, both free and paid admission. The advent of contactless donation points has transformed how donations can be collected and visitor are increasingly conditioned to respond to these opportunities for support. Overseas visitors are particularly conditioned to providing support for cultural attractions. The priority would be to instal these contactless donation points at the City Arts Centre, Museum of Edinburgh, The People's Story, the Museum of Childhood and the Writers' Museum.

The current level of donations is equivalent to £0.07 per free visit. Expressed in another way, only 1 in every 40 visitors is currently giving a donation of £3 as encouraged in the guidance at each venue. The initial target is to encourage 1 in 20 visitors who do not incur any admission to donate £3. This would increase the donation to an average per visitor of £0.15. This would yield approximately double the current **donations (assuming 2019 visitor levels are achieved) with an additional £55,000**.

Public programmes require considerable resources to sustain them. While a proportion of the cost can be recovered through user charges the potential is for the entire cost to be met through fundraising. In the absence of a Development Department the cost of fundraising is the opportunity cost of staff time in developing the project specification and preparing the funding applications. There is also no guarantee that funding applications will be successful. However, a well-developed project with appropriate target audiences and objectives matched with those of potential funding organisations, has a chance of success.

Revenue funding applications for Public Programmes are typically multi-year and cover the costs of staff, equipment, materials and ancillary costs. Some even allow full-cost recovery enabling organisational overheads to be recovered. **A fundraising target of £100,000** would support a Public Programmes position over 3 years. Some funders require the post and the activity to be new. However, this is not the case for all funders.

6.2.3 SCENARIO 2 - Admission Charges and Retail Enhancements

This option extends the admission charge regime to 3 venues and enhances the retail layouts in those venues to provide appropriate reception, ticketing and retail facilities. The key changes would be in the following areas:

- **Admission** - Extend admission charging regime to Museum of Edinburgh, Museum of Childhood and Writer’s Museum. Proposed nominal charge of £6 per adult.
- **Retail** - Increase turnover with investment in new retail layouts

The introduction of an admission charge would apply to all visitors at the selected venues. We have assumed that VAT would apply and that the adult admission would yield income of £5 and £3 for children and concessions. Based on comparable examples the average income from each admission would be £3.50. Based on the following visitor forecast the associated income would be as shown in Table 6.1.

TABLE 6.2				
ADMISSION CHARGE INCOME FORECAST				
	2019 Visitor Numbers	Forecast Visitor Numbers	Forecast Visitor Income (All Visitors)	Forecast visitor Income (Excluding residents of Edinburgh)
	Nos.	Nos.	£	£
City Art Centre	98,600	63,100		
Museum of Edinburgh	120,900	80,400	281,400	241,188
People's Story	64,100	42,600		
Museum of Childhood	185,400	125,100	437,850	389,184
Writer’s Museum	86,900	57,100	199,850	175,528
Scott Monument	23,300	23,300		
Nelson Monument	64,700	44,100		
TOTAL	643,900	435,700	919,100	805,901

The imposition of admission charges may encounter some challenges and it may be desirable to introduce an exemption for local residents. Table 6.2 indicates the income that would be generated if such an exemption was provided.

The introduction of admission charges would require some operational changes at each site and a change in the functionality of the MGE website. These would incur some one-off charges and some additional recurring operational costs. The costs are estimated as follows:

TABLE 6.3	
EXPENDITURE ASSOCIATED WITH THE INTRODUCTION OF ADMISSION CHARGES	
EXPENDITURE	£
One-off Costs	
Website Upgrade	30,000
Marketing and Communications	200,000
	230,000

TABLE 6.3 EXPENDITURE ASSOCIATED WITH THE INTRODUCTION OF ADMISSION CHARGES	
EXPENDITURE	£
Recurring (annual) costs	
Reception and Ticketing Staff	195,000
Marketing & Comms	60,000
Website Upgrades and Maintenance	20,000
Staff Training	20,000
Total Recurring Costs	295,000

The preparatory costs would require an initial investment of an estimated £230,000. These costs do not include any reconfiguration of the venues to provide for more appropriate reception/ticketing. This is considered below in conjunction with the remodelling of the retail facilities.

The one-off costs would be followed with estimated annual costs of some £295,000. This includes 2 additional staff members for each site to provide additional reception/ticketing staff. The importance of communicating the admission charge regime to all visitors is reflected in the marketing and communications budgets. These are in addition to current budgets and are designed to explain the admission charge regime and the benefits that arise from the income generated. Staff training is included to ensure that all staff are able to explain the admission charge regime.

The **annual net income from the introduction of charges would be between £510,000 and £620,000** depending in the precise regime adopted. These forecasts are based on a prudent assessment of the impact on visitor numbers. We are aware that some museums have introduced charges without experiencing reductions in visitor numbers. We believe that some of the initial reduction in visitor numbers will be reversed overtime but the current forecast is appropriate for any financial planning. Operational plans will need to consider the impact of potentially longer dwell times and the impact on museum and gallery capacities, especially if visitor numbers do not reduce as forecast, or recover more quickly to the pre-admission charge levels.

The introduction of admission charges will have an adverse impact on donations received at those venues. This would potentially result in a loss of income estimated at some £27,000 per annum.

The introduction of admission charges will result in increased demand for retail at each of the venues. This will require an enhancement of the retail facilities at each of the venues to ensure that the product range meets the visitor expectation and can fulfil the additional demand by ensuring appropriate access to stock. The refurbishment of the retail facilities would be most efficient if this was done at the same time as the reconfiguration of the reception/welcome associated with ticketing. **The estimated costs of the refurbishment of the retail facilities would be up to £50,000 per venue, a total cost of £150,000.**

The benefits of the refurbished retail facilities would be experienced through higher turnover. Visitors to paid attractions incur higher levels of expenditure in any associated retail and catering facilities. The estimated additional turnover and income would be as follows:

TABLE 6.4 FORECAST RETAIL INCOME FROM REFURBISHED FACILITIES		
	NOS	£
Museum of Edinburgh	80,400	234,800
Museum of Childhood	125,100	365,300
Writer's Museum	57,100	166,700
TOTAL		765,800

The turnover from the refreshed retail facilities at the 3 venues would increase by an estimated 105% based on the benchmark average spend for paid attractions of £2.92. This would result in additional retail

turnover of some £390,000 per annum. Assuming that cost of goods sold approximates to 40% the additional income after allowing for cost of goods sold would be £235,000.

This income assumes that the MGE retail is able to operate with standard commercial terms with suppliers and that the current constraint on these is removed. The scale of increase is significant and would require the support of additional purchasing staff and an additional member of staff to merchandise each venue. The additional members of staff would incur additional costs of £80,000 per annum.

Additional retail income generation is forecast to increase turnover by £390,00 per annum and yield a net income of £155,000 per annum.

7.0 BUSINESS CASE

7.1 Introduction

The following income and expenditure accounts summarise the financial implications of the Scenarios presented in the previous section and covers the introduction and 5-years of operation. The accounts concentrate on the incremental incomes and expenditures identifying those that change and the scale of that change. We have assumed that incomes will reach the forecast level over a 3-year transition. This is a prudent assumption and one that could be improved upon but provides a prudent basis for financial planning.

7.2 Scenario 1 - Audience Led Income Generation

This scenario has limited upfront investment requirement concentrated on the introduction of contactless donation points and associated point of sale material. As an alternative to purchase the contactless units can be leased on varying contract lengths. This would have the advantage of being able to upgrade as technology and potentially visitor behaviours change.

The main income generation of from additional retail turnover and donations. We have assumed that these would be achieved over a 3-year period and then be dependent on further visitor growth. We have assumed that fundraising would target grants to support the public programme activity and meet existing costs.

**TABLE 7.1
INCREMENTAL INCOME AND EXPENDITURE
MUSEUMS AND GALLERIES EDINBURGH
SCENARIO 1
AUDIENCE LED INCOME GENERATION**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Recurring Income	£	£	£	£	£	£
Retail Turnover		28,800	36,000	48,000	48,000	48,000
Donations		33,000	41,250	55,000	55,000	55,000
Fundraising - Public Programmes			33,000	33,000	33,000	33,000
TOTAL INCOME	-	61,800	110,250	136,000	136,000	136,000
One-off Costs						
Contactless Donation Points (Leasing Options are available)	25,000					
Sub-total	25,000	-	-	-	-	-
Recurring Expenditure						
Cost of Goods Sold		11,520	14,400	19,200	19,200	19,200
Contactless SIM		300	300	300	300	300
Contactless Transactions		1,650	2,063	2,750	2,750	2,750
Sub-total	-	13,470	16,763	22,250	22,250	22,250
TOTAL EXPENDITURE	25,000	13,470	16,763	22,250	22,250	22,250
NET ADDITIONAL INCOME	- 25,000	48,330	93,488	113,750	113,750	113,750

The eventual impact from Year-3 is an additional income of £114,000 with £80,000 from retail and donations. This is achieved with a modest initial investment but critically requires a relaxation of City of Edinburgh Council's procurement policy as it applies to museum and gallery retail suppliers to allow for a standard commercial relationship.

7.3 Scenario 2 - Admission Charges and Retail Enhancements

This scenario has a more profound impact on the income generation of Museums Galleries Edinburgh. It assumes that admission charges are introduced for all visitors except Edinburgh residents at the Museum of Edinburgh, the Museum of Childhood and the Writers' Museum. The introduction of admissions provides an opportunity to enhance the retail layouts at these same venues. There are substantial upfront costs but such is the impact on net income generation that these costs are recovered within two years of the changes being introduced. By year 3 the gross income generation is over £1 million and the net income generation is over £600,000 per annum.

TABLE 7.2 INCREMENTAL INCOME AND EXPENDITURE MUSEUMS AND GALLERIES EDINBURGH SCENARIO 2 ADMISSION CHARGES AND RETAIL						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Recurring Income	£	£	£	£	£	£
Admissions (Excluding Edinburgh Residents)		483,541	604,426	805,901	805,901	805,901
Retail Turnover		235,800	294,750	393,000	393,000	393,000
TOTAL INCOME	-	719,341	899,176	1,198,901	1,198,901	1,198,901
One-off Costs						
Website Upgrade	30,000					
Marketing and Communications Campaign	200,000					
Retail Refurbishment	150,000					
Sub-total	380,000	-	-	-	-	-
Recurring Expenditure						
Staffing (6 full-time) members		195,000	195,000	195,000	195,000	195,000
Marketing and Communications		60,000	60,000	60,000	60,000	60,000
Website Upgrades and Maintenance		20,000	20,000	20,000	20,000	20,000
Staff Training		20,000	20,000	20,000	20,000	20,000
Cost of Goods Sold		94,320	117,900	157,200	157,200	157,200
Retail Buyer and Merchandiser Posts		80,000	80,000	80,000	80,000	80,000
Reduction in donations income		27,000	27,000	27,000	27,000	27,000
Sub-total	-	496,320	519,900	559,200	559,200	559,200
TOTAL EXPENDITURE	380,000	496,320	519,900	559,200	559,200	559,200
NET ADDITIONAL INCOME	-	223,021	379,276	639,701	639,701	639,701

8.0 ACTION PLAN

The following action plan is presented for consideration.

SHORT-TERM	
1	To Review the Scenarios and identify a preferred Scenario. This could be a hybrid of the scenarios presented. A key factor should be the extent to which the selected Scenario meets the objective of securing an additional net income of £200,000. Currently, only Scenario 2 achieves this objective and exceeds the objective.
2	Once a preferred Scenario has been chosen or developed (if a hybrid option is selected) the underlying assumptions for each income generating activity should be verified, tested through peer review with MGE colleagues.
3	When the gross and net income projections have been verified the income generating activities should be prioritised in terms of net income. A risk assessment should then be conducted on each activity to identify the market risk (visitor footfall) and financial risk (visitor expenditure).
4	The one-off costs of implementing each income generating activity across each venue should then be tested, seeking supplier quotes where equipment and fixtures and fittings are required. Where building works are required outline costs from a construction cost professional should be included.
5	Confirm the preferred Scenario, the venues to be involved and the activities.
6	Develop an outline programme for implementing the works recognising the potentially disruptive nature of construction and fit out works. This could include a phased approach based on venues or activities being introduced over time.
7	Where the proposals will impact on communities a consultation programme should be developed to explain the proposals and any options.
MEDIUM-TERM	
8	Develop tender packages for equipment and contractors and implement a procurement programme
9	Implement the proposed alterations in support of the income generation
10	Develop appropriate staff training and recruitment to support the introduction of the enhanced and / or new income generation activities.
11	Monitor and evaluate each aspect of the new income generation strategy and take remedial action as required.
12	Consider further alterations to optimise income generation



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