

The Highland Council

Education, Children and Adult Services Committee

Minutes of Meeting of the **Culture and Leisure Contracts Scrutiny Sub-Committee** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness on Thursday 27 November 2014 at 2.00 pm.

Present:

Mr A Christie (Chair)	Ms G Ross (by Video-Conference)
Mr B Fernie (by Tele-Conference)	Mr G Ross
Mrs B McAllister	Ms J Slater
Mrs M Paterson	

In attendance:

Ms F Palin, Head of Adult Services, Care and Learning Service
Mrs J Graham, External Funding Manager, Care and Learning Service
Ms L Cruickshank, Care and Learning Service
Mrs R Daly, Committee Administrator, Corporate Development Service

Also in attendance:

Mr P Cariss, Chair, Caithness Horizons
Ms B Pope, Director, Caithness Horizons
Mr J Martin, Chief Executive, Inverness Leisure

Mr A Christie in the Chair

Business

1. Apologies for Absence

Apologies for absence were intimated on behalf of Mrs I Campbell, Mr B Gormley, Mr M Green and Mr J Stone.

2. Declarations of Interest

There were no declarations of interest.

3. Caithness Horizons Annual Report

There had been circulated Report No CLCS/03/14 dated 18 November 2014 by the Director of Care and Learning which detailed the activities of Caithness Horizons Limited during the financial year 2013/14 and recommended that Members accept the Financial Statement 31 March 2014 on behalf of Highland Council.

During a summary of the report, it was explained that Caithness Horizons had been jointly founded by Highland Council, United Kingdom Atomic Energy Authority (later superseded by Dounreay Site Restoration Limited - DSRL) and Thurso Heritage Society. The Company's principal activity was to provide museum and community services from the former Thurso Town Hall and

Carnegie Library building. In addition, the organisation had a wholly owned trading subsidiary that provided a café, shop and room hire facilities to complement its principal activities.

To satisfy the requirements of the external funders, both the Council and DSRL had provided revenue funding of £90k for a number of years. The organisation also received financial assistance from the Care and Learning Service through the established scheme of support for the independent museums' sector in Highland, governed by Service Delivery Agreements (SDAs). To reflect the Council's financial situation and budget priorities, this support had reduced by 18% since 2011/12 and currently amounted to £12,006. Total Council support represented approximately 31% of income. The Company's audited accounts for 2013/14 were appended to the report in which it was confirmed that the auditors were satisfied with the accounts and had made no adverse comments.

Mr P Cariss, Chair and Ms B Pope, Director of Caithness Horizons undertook a presentation to the Sub-Committee outlining the establishment of Caithness Horizons and explaining that the 2003 Business Plan stated that there would be an on-going contribution from its two major stakeholders: the Highland Council and UKAEA. In 2005 the Council agreed to make a financial contribution covering 50% of the revenue funding deficit, which at that time amounted to £90k. The two major stakeholders were represented on the Board of Caithness Horizons.

Caithness Horizons housed a permanent museum collection telling the story of Caithness dating back 416 million years to the present day. The original collection had been donated by Highland Council, UKAEA and Thurso Heritage Society and had been added to by Caithness Horizons. It was a fully accredited museum, a member of Highland Museums Forum and was open all year round with free admission.

In terms of tourism, the museum was a VisitScotland 5 star attraction. It accommodated the VisitScotland visitor information centre and was staffed by VisitScotland from April to October and by Caithness Horizons from November to March. The building provided a temporary exhibition gallery, a shop and cafe with display space. Caithness Horizons was a founder member of Venture North tourism co-operative, a member of North Highland Initiative, Caithness and Sutherland Visitor Attraction Group and the WorldHost organisation.

Caithness Horizons had received 3,951 visitors from schools in Caithness and from wider afield. It had hosted the Pictish Arts Society conference in October 2014, ran the Peters Pals Young Curators Club monthly workshops, provided a central location for the Caithness Family History Society and had hosted a total of 361 events and activities. The company provided meeting rooms, a venue for weddings, event catering, public receptions, craft markets, Santa's grotto with Thurso Town Improvements Association, free wifi and a chargeable computer for public use.

In conclusion, it was confirmed that prior to its refurbishment, Highland Council running costs for Thurso Town Hall had been in the order of £30k - £40k pa. Since its inception, Caithness Horizons had created 12 jobs and 2 VisitScotland jobs and was estimated to contribute £2.52m p.a. to the local economy. From accounts to the year ending March 2014 income had amounted to £384,738 and expenditure £423,236.

During discussion, Members welcomed the presentation, made a range of comments and asked a number of questions as follows:-

- it was queried what challenges the company had faced to generate income;
- in relation to the museum's free entry status there had been over 400,000 visitors to the facility since opening who could have been asked to pay an entry fee and this could have generated income;
- clarification was sought on the Council's contribution which had increased from £13,678 in 2013 to £114,847 in 2014;
- it was unclear whether the company had accounted for contributions to staff pensions from 2016;
- as the facility was free, clarification was sought on the entries in the accounts for income from ticket sales and for the entry of £9,598 for curatorial and archivist services;
- it was acknowledged that Dingwall Museum had previously charged for access but thereafter visitor numbers had declined and it was now recognised that charging was a last resort;
- it was queried whether financial contributions were made by VisitScotland;
- temporary exhibitions were in a separate room and it was queried how much time was required to change over exhibitions; and
- information was requested on arrangements for preserving exhibits and for specialist storage.

In response to questions, it was explained that:-

- it had been harder than expected to maintain income streams. There were three different tariffs for room hire which differentiated between commercial and community organisations and rates had been increased in an effort to prioritise and maintain the museum's free entry status;
- forward budgets included provision for staff pensions from November 2016;
- if an admission charge had been levied, this might have acted as a disincentive to visitors; income generation could not be extrapolated from historic visitor numbers;
- in the accounts for 2013 the organisation was still working on the original £500k provided by the Highland Council to cover the first 5½ years of operation and this did not appear as income;
- Wick Heritage Museum carried out a Heritage Lottery Fund project for work to their building's roof and, as part of the funding application, there was a fee for the Caithness Horizon's Curator to provide advice. It was clarified that it was not possible to charge for the Curator's services for another Highland Council independent museum;
- tickets were sold for certain special events to cover costs wherever possible;
- VisitScotland contributed to rental payments for the building;
- time taken for change-over between exhibitions depended on scheduling and other factors; and
- the whole building was air conditioned and monitored, however atmospheric conditions in storage areas were not as good as in display areas and this remained an area for future attention.

Thereafter, having thanked Mr Cariss and Ms Pope for their informative presentation, the Sub Committee:-

- i. **NOTED** the activities of Caithness Horizons Limited; and
- ii. **AGREED** to accept the Financial Statements for the year ending 31 March 2014 of Caithness Horizons Limited on behalf of the Highland Council.

4. Inverness Leisure Annual Report

There had been circulated Report No CLCS/04/14 dated 17 November 2014 by the Director of Care and Learning which detailed the activities of Inverness Leisure Ltd during the financial year 2013/14 and recommended that Members accept the Financial Statement 31 March 2014 on behalf of Highland Council.

During a summary of the report, it was explained that Inverness Leisure Ltd was a company limited by guarantee with charitable status established in 1997. The company was known formerly as Caledonia Community Leisure Ltd prior to a name change in May 2014. Responsibility for the day to day management and operation of the company was delegated to the Chief Executive and Senior Management Team. The Company employed approximately 140 staff (approximately 80 FTEs).

Approximately 27% of the Company's income was in the form of an annual management fee from the Council which had been reduced by some 16% since 2011/12 to reflect the Council's financial situation and budget priorities. During the current financial year the Board had implemented a new reserves policy which aimed to maintain a reserve of 5-10% of the company's operating budget (not including the management fee). The Company's audited accounts for 2013/14 were appended to the report in which it was confirmed that the auditors were satisfied with the accounts and had made no adverse comments.

Mr J Martin, Chief Executive Inverness Leisure Ltd, undertook a presentation to the Sub-Committee which detailed the increase in number of visitors over the last three years together with a breakdown of their activities. In terms of visitor numbers, it was estimated that the creation of the West Link road would increase future visitor numbers to the facility. The deficit per user between April and October 2014 (the amount of the Council's management fee contributing to each visit) amounted to £0.92 which demonstrated good value for money. Current income and expenditure was illustrated together with a financial performance summary covering the last ten years. It was confirmed that a Trading Subsidiary company was being established to take into account the commercial operations of the bistro and concert events. The company strategy had been updated in 2014 and a brief outline of this was also presented.

An outline of the staffing establishment was provided with turnover currently sitting at approximately 30%, lower than the national average. Variable contracts were available by choice as this suited more members of staff and the company had made a commitment to the living wage during 2014/15.

A successful review of the "Learn to Swim" programme had been carried out resulting in shorter waiting lists and representing a major investment in continual assessment. This operating model had also been applied to other sporting training programmes. Reference was made to the Scotland Safe Swimmer

(SSS) scheme, a nationally recognised school assessment scheme that had been running for two terms. This scheme had highlighted that some Primary 6 and 7 aged children were not achieving swimming skills and the company was considering how to support schools further in this area. Scottish Swimming Top-up Funding had not been available to Inverness Leisure.

Partnership arrangements were detailed and the organisation had created a Corporate Social Responsibility Policy in 2014 which aimed to offer free use of the facility to a group or organisation to raise their own or another charity's funds on an annual basis. This would apply on a Highland-wide basis.

The new Bite Bistro had been operated since July 2013 and was supported with investment of around £120,000. It had created additional employment of around 20 new employees (7 FTE). Details were also provided of the £3.5 million capital refurbishment plan which would upgrade a range of facilities: changing rooms (dry-side); sports hall floors; roofs and ceilings; lighting improvements; boilers; fire detection system upgraded; offices; competition pool spectators; leisure pool improvements; changing village (wet-side); staff areas; plant room refurb (dry-side) and Queen's Park lighting.

Inverness Leisure now provided a venue for live performances and a recent event attended by approximately 2,250 persons had received extremely positive feedback. The event had forged positive partnerships with tour producers and encouraged entertainers to include Inverness as part of their tours for the future.

In conclusion, Mr Martin commented that Inverness Leisure accepted the potential for a reduced Management Fee and acknowledged the challenges experienced by the Council which was a major funder. It was for this reason that a proactive approach had been adopted to diversification. Other trusts and leisure providers now looked to Inverness Leisure as an exemplar and major city trusts had sought advice from the organisation on how to adapt to customers' needs and continue to provide value for money.

During discussion, Members welcomed the presentation and made a range of comments as follows:-

- it was helpful to receive clarification on the deficit per user and an estimation of this figure stripping out utility costs was requested;
- the trading subsidiary was an interesting development and it was understood that it would provide dividends back to the main charity;
- the company had made a real achievement in achieving efficiencies in relation to energy costs;
- it was acknowledged that a high staff turnover also embedded training costs and this had been managed well. It was also encouraging to see the company's commitment to the living wage and it was recognised that zero hour contracts could be beneficial for some employees;
- it was encouraging that swimming lesson waiting lists had been reduced and it would be helpful if further information could be provided on the geographical areas where children were failing to learn to swim and whether specific lessons could be provided for them. This would help identify causes and enable the Council to raise awareness of this and any other associated difficulties;

- it was queried why Inverness Leisure had missed out on Scottish Government funding for the SSS swimming lessons and further information was requested on the distribution of this;
- queries were raised regarding the timing and arrangements for swimming lessons for individuals on the autistic spectrum;
- the changing room refurbishments were welcomed and it was important to take into consideration a range of religious sensitivities as well as other issues in relation to the design of these facilities;
- it would be helpful to receive a breakdown between users from Inverness and those from elsewhere and whether the company targeted tourist and business visitors to the city; and
- it was queried whether other clubs or schools could utilise and recycle any of the older fittings following the refurbishment.

In response to questions, it was explained that:-

- the last monitoring exercise had indicated that £80k p.a. of income was from users outwith the Inverness Leisure Highlife scheme and this represented less than 10% of users to the facilities;
- Inverness Leisure advertised through local hotels and offered a “sale or return” voucher for hotels. Inverness Leisure was advertised as the wet weather alternative in Inverness, however, spend on advertising had to be managed for the best return;
- wherever possible, lessons for individuals on the autistic spectrum were integrated into the existing programme. There had been detailed work undertaken between instructors and the National Autistic Society to identify children who might benefit from 1:1 lessons, although this could not be provided free of charge; and
- it was suggested that further information be provided on the outcomes of the SSS swimming lessons once the Easter term was concluded. Consideration was being given to providing additional time for schools where children were underperforming. Inverness Leisure sought to access Scottish Government funding for SSS swimming lessons. It was understood that the funding had been provided to Local Authorities and further clarification on this would be sought.

Thereafter, having thanked Mr Martin for his informative presentation, the Sub Committee:-

- i. **NOTED** the activities of Inverness Leisure Limited; and
- ii. **AGREED** to accept the Financial Statements for the year ending 31 March 2014 of Inverness Leisure Limited on behalf of the Highland Council.

The meeting concluded at 3.20 pm.