

Agenda Item	17
Report No	HC/11/19

HIGHLAND COUNCIL

Date: 7 March 2019

Report Title: **Caithness Horizons, Thurso**

Report By: Interim Director of Care and Learning

1. Purpose/Executive Summary

- 1.1 This report sets out information relating to the recent decision by the Caithness Horizons Board to cease operations at the facility, and in turn the actions now being taken by the Council.

2. Recommendations

2.1 Members are asked to:

- i. Consider this report and note the circumstances relating to Caithness Horizons closure, and in turn the actions being taken by the Council.

3. Background

- 3.1 Caithness Horizons (CH) is a Charitable Company limited by Guarantee that was founded by Highland Council, UKAEA and Thurso Heritage Society to create and ensure a long term use for Thurso Town Hall. CH is the key location for the interpretation of the story of Thurso and Caithness, for the benefit of local people and visitors to the area. The principle activity is the operation of a museum, also the facility has a shop, café and room hire facilities.
- 3.2 Highland Council was a major contributor towards a capital funding package which was put together for the renovation of Thurso Town Hall. Funds were also secured from UKAEA, Heritage Lottery Fund, CASE, Historic Scotland, SNH, and ERDF. Highland Council subsequently renovated the building (completed in 2008) and leased it to Caithness Horizons for £1 per year. Some of these funders required a guarantee of revenue funding to Caithness Horizons for 10 years (i.e. to 2018), with the Council's own current funding commitment running until 31/3/19.
- 3.3 The two main sources of ongoing revenue funding to Caithness Horizons comes from the Council and Dounreay Site Restoration Limited (DSRL). Since inception both parties have equally co-funded Caithness Horizons, which in the current financial year represents a commitment of £75k from each partner.
- 3.4 Over the course of 2018/19 both the Council and DSRL had been working closely with CH to discuss their business plans, and future funding requirements for 2019/20 and beyond. While aware of concerns expressed by CH regarding ongoing financial sustainability, the Council and DSRL were nonetheless actively working with CH to find a sustainable operating position.
- 3.5 On Tuesday 19th the Caithness Horizons Board met and decided upon the closure of the facility that week, due to concerns over financial sustainability. Council Officers were only aware after the decision had been made.

4. Actions Being Taken

- 4.1 Since the decision by the Board, the Council has taken a number of steps, recognising the impact the closure has had on the town and wider area, and also concerns expressed by local elected members and the wider community.
- 4.2 The Council has continued dialogue with DSRL and CH to consider what options may exist to find a solution, and in turn has approached HIE and HLH regarding any input they may be able to provide to ongoing discussions.
- 4.3 A joint meeting of all these key stakeholders is presently being arranged, the intention being to establish what options may exist, both short and longer-term, to re-open the facility and ensure the building is brought back into use.
- 4.4 The Council has also commenced relevant discussions and investigations relating to implications for the Council, considering matters such as the status of the lease of the building, building condition and maintenance requirements, and terms and conditions associated with external funding provided for the initial renovation project.
- 4.5 While the Council is pro-actively working to find solutions, alongside partners, any funding commitments upon the Council will of course have to consider the Council's own budgetary position.

4.6 Further reports will come back to Committee should any further decisions be required arising from these discussions. Local members will be kept updated on progress.

5. Implications

5.1 Resource – at present the Council provides revenue funding to CH to the amount of £75k for 2018/19. No capital provision exists, with maintenance obligations for the building residing with CH as tenant, per the terms of the lease. Any ongoing funding requirements arising from discussion with partners, will be considered and reported back to Committee as appropriate.

5.2 Legal – The Council is taking advice regarding the terms of the lease for the building, and in turn for any legal or financial implications arising from the terms of the Heritage Lottery Fund, or other funding provided for the original renovation.

5.3 Community (Equality, Poverty and Rural) – the Council recognises that Caithness Horizons is a key local facility for Thurso town centre, and the wider area.

5.4 Climate Change / Carbon Clever – nothing to highlight in this report.

5.5 Risk – were Caithness Horizons to cease, and the facility to remain closed, the Council is potentially liable for maintenance obligations on the building, and also potentially implications arising from conditions associated with the renovation capital funding. In exploring options the Council will be considering any implications and risks arising for the Council.

5.6 Gaelic - nothing to highlight in this report.

Designation: Interim Director of Care and Learning

Date: 27 February 2019

Author: Brian Porter, Head of Resources

Background Papers: