

DUNDEE CITY COUNCIL

REPORT TO: Leisure and Arts Services Committee – 17 February 2003

REPORT ON: Dundee Industrial Heritage Ltd

REPORT BY: Director of Leisure and Arts

REPORT NO: 129-2003

1.0 PURPOSE OF REPORT

1.1 To submit to the Committee a request for renewal of revenue grant funding to Dundee Industrial Heritage Ltd, for the year 2003-2004, and an additional payment drawn from the Council's Quality of Life Fund submission to the Scottish Executive.

2.0 RECOMMENDATION

2.1 That the Committee approves the level of revenue grant funding amounting to £28,000 for the year 2003-2004.

2.2 That the Committee further approves a payment of £32,500 drawn from the Council's Quality of Life Fund submission to the Scottish Executive, as approved in Special Policy and Resources Committee Report No. 67-2003, 20 January 2003.

3.0 FINANCIAL IMPLICATIONS

3.1 The Leisure and Arts Department's Provisional 2003-04 Budget includes the provision of £28,000 for a revenue grant to Dundee Industrial Heritage Ltd. The equivalent figure for 2002-2003 was £27,000.

3.2 The sum of £32,500 has been identified in the Council's submission to the Scottish Executive Quality of Life Fund for the enablement of free access by Dundee school children to Verdant Works.

3.3 The terms and conditions of revenue grant funding will be contained within a Funding Agreement 2003-2004, between Dundee City Council and Dundee Industrial Heritage Ltd.

4.0 LOCAL AGENDA 21 IMPLICATIONS

4.1 Dundee Industrial Heritage's facilities at Discovery Point and Verdant Works allow access to services which are not achieved at the expense of the environment and which are accessible to all.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 The organisation's principal activities are the provision of museum and heritage services for all the public, the encouragement of visitors to Dundee, and the safeguarding of the city's rich industrial heritage.

5.2 Additional external funding from the Quality of Life Fund will enable free access by Dundee school children to Verdant Works.

5.3 The Funding Agreement 2003-2004 will contain requirements that Dundee Industrial Heritage Ltd practice equal opportunities in respect of its public and staff.

6.0 MAIN TEXT

- 6.1 Dundee Industrial Heritage Ltd operates two of Dundee's premier tourist attractions, Discovery Point and Verdant Works. It is a charitable company and is the trading body of Dundee Heritage Trust. The organisation is heavily dependent upon earned income and is therefore particularly vulnerable to changing conditions in a competitive market. Visitors from abroad account for 30% of visitors to Discovery Point and 85% of visitors come from outwith Dundee.
- 6.2 The financial situation facing Verdant Works last year resulted in the funding appeal "Keep Verdant Working", which raised £90,000 from a variety of public and private sources. To further address the financial shortfall Dundee Industrial Heritage has implemented a staff restructuring, the opening hours at Verdant Works have been reduced for the winter period, and the company has dispensed with the post of full-time Chief Executive which has been replaced by an Executive Director working 2 days per week.
- 6.3 The organisation has now completed a Business Review of their operation with a view to ensuring a sustainable future for both Verdant Works and Discovery Point. This analysis confirms that Discovery Point makes a small profit based on current levels of income and expenditure, whilst Verdant Works incurs a loss.
- 6.4 Dundee Industrial Heritage Ltd has identified two aspirational proposals based upon the introduction of free admission to Verdant Works and associated investment in both facilities to maintain their 5 star tourist attraction ratings. Currently, universal free access to Verdant Works is unaffordable, but Quality of Life Funding will enable free access by Dundee's school children to these important displays of Dundee's Industrial Heritage. In addition, it is proposed that the Director of Leisure and Arts be remitted to assist Dundee Industrial Heritage Ltd in securing external funding for the purpose of capital renewals to their attractions in order to sustain current visitor numbers, and particularly repeat visits.
- 6.5 A further proposal has been developed to ensure a sustainable future for both facilities by further reducing expenditure while maximising the opportunity for income. The proposals include Verdant Works opening from April to September, and a reduction in operational staffing at Verdant Works to 1.5 full-time equivalent augmented by volunteer support. A draft budget for 2003-2004 has been produced based upon this model which would ensure that previous years operating losses were arrested (Appendix 1).

7.0 CONSULTATION

- 7.1 The Chief Executive, Director of Support Services, Director of Finance and Director of Corporate Planning have been consulted on this report and are in agreement with its contents.

8.0 BACKGROUND PAPERS

- 8.1 None

**STEVE GRIMMOND
DIRECTOR OF LEISURE AND ARTS
30 JANUARY 2003**

APPENDIX 1

Dundee Industrial Heritage Ltd

Draft Budget 2003-2004

| | |
|------------------------------------|-----------|
| Income | |
| Admissions | 267,753 |
| Lettings/Catering | 210,942 |
| Retail | 138,083 |
| Car Park | 83,878 |
| | <hr/> |
| Total | 700,656 |
| Corporate Support/Fundraising | 6,395 |
| | <hr/> |
| | 707,051 |
| | |
| Direct Costs | 205,438 |
| Indirect Costs | 606,055 |
| | |
| Net Operating Profit/Loss | (104,442) |
| | |
| Grant Income | |
| Marketing (ERDF) | 35,000 |
| Dundee Heritage Trust Contribution | 5,600 |
| DCC Revenue Grant | 28,000 |
| Quality of Life Grant | 32,500 |
| Miscellaneous | 2,000 |
| Friends | 2,000 |
| | <hr/> |
| Total Grant | 105,100 |
| | |
| Surplus/Deficit | 658 |