

DUNDEE CITY COUNCIL

REPORT TO: Leisure and Arts Services Committee – 19 August 2002

REPORT ON: Dundee Industrial Heritage - Revenue Support 2002-2003

REPORT BY: Director of Leisure and Arts

REPORT NO: 600-2002

1.0 PURPOSE OF REPORT

1.1 To submit to the Committee a request for renewal of revenue funding to Dundee Industrial Heritage for the year 2002-2003.

2.0 RECOMMENDATION

2.1 That the Committee approves the level of grant funding amounting to £27,000, as set out in the Report.

3.0 FINANCIAL IMPLICATIONS

3.1 The funding requested, as shown in the Budget at Appendix I, is £27,000 and will be met from the Leisure and Arts Department's Revenue Budget 2002-2003. Last year's equivalent funding was £26,000, an increase of £1,000, which is 4%.

3.2 The terms and conditions of grant will be contained within a Funding Agreement 2002-2003, between Dundee City Council and Dundee Industrial Heritage.

3.3 Financial appendix 1 shows a deficit of £32,807. Dundee Industrial Heritage Limited have in previous years accommodated such deficits through draw down of funds from the Dundee Heritage Trust. However, there is now serious concern on the sustainability of continuing this and the long term implications it has on the ability to use reserves for long term strategic development as intended, rather than revenue subsidy as a short term solution. Consultations are taking place with a range of external funders to source additional funding to cover this deficit.

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 activity is the provision of museum and heritage services for all the public, encourage visitors to Dundee, and safeguard the city's rich industrial heritage.

5.2 The Funding Agreement 2002-2003 will contain requirements that Dundee Industrial Heritage practice equal opportunities in respect of its public and staff.

6.0 MAIN TEXT

6.1 2001/02 was a challenging year for DIH. The major focus was the centenary celebration of RRS Discovery. The company also faced in the first quarter of the year the redundancy of five members of staff in an attempt to bring costs down in line with expected income. A huge amount of effort was directed at the centenary with many high profile events being managed and successfully delivered throughout the year. The highlight in publicity terms were the live satellite link from Discovery to the Shuttle Discovery and the Spirit of Discovery tall Ships Festival in August 2001.

6.2 With a determined effort made towards the promotion of the venues the year resulted in a positive outcome in respect to visitor numbers. Total visitor numbers of 95,037 are 8.5% above budget and an increase of 3.3% over total visitors of 91,956 for the year to March 2001. Discovery Point continues to compare favourably to budget (up by 11.6%) while Verdant Works has fallen short of budgeted figures by 2.9%.

The trading income from Letting/Catering shows a particularly strong improvement over the quarter, and the annual gross income is 17.2% ahead of budget. Taking into account the related expenses recorded within running costs, Letting and Catering has contributed £101,316 for the year. While the gross Retail income has exceeded budget, the retail costs have also increased, and the retail surplus of £66,460 is £7,500 less than expected.

6.3 With the advent of the redundancies DIH launched the Keep Verdant Working Appeal. The appeal raised £92,000 during the course of the year. The KVW Appeal allowed Verdant Works to remain open over the winter months albeit on a five day a week basis. Total Grant income of £165,348 includes the draw down of £89,000 from the Keep Verdant Working Appeal. Removing this element will emphasise a reduction in Grant Income, which is 5.0% down on last year.

In comparing Total Income of £918,938 (excluding KVW), with budget, a shortfall of £60,900 can be attributed to over budgeting of Old Steeple and car park income, coupled with a reduced marketing grant. The effects of this are greatly compensated by increases in expected revenue from the operating activities. The net result is a shortfall of £12,373.

6.4 Total Running Costs are overall 1.5% lower than budgeted but the Total Expenditure figure of £1,001,934 exceeds budget by £41,981 (4.4%). The importance of controlling costs has been identified and already in the early stages of the financial year to March 2003, recourse has been taken to quantify and remedy any possible overspend, particularly on payroll.

6.5 In June Dundee Industrial Heritage dispensed with the services of its Chief Executive as a cost saving and is looking at restructuring options for the senior management of the organisation.

6.6 For the period April 2002 - March 2003, Dundee Industrial Heritage will continue to maintain and upgrade its facilities, offering high quality exhibits combining both education and entertainment value. There will be further investment of £200,000 to improve displays at Discovery Point and RRS Discovery.

6.7 An additional allocation of £25,000 has been made to Dundee Industrial Heritage Limited from the Common Good Fund for 2002/2003, which was approved by the Policy and Resources committee in Report 103-2002 on 11 March 2002.

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 Article I of the Policy and Resources Committee of 11th March 2002 (Report No 103 - 2002)

Director of Leisure and Arts _____ Date _____

APPENDIX 1

Dundee Industrial Heritage Ltd Current Outcome and Forecasts

	2001/02 Outcome	2002/03 Forecast
CONSOLIDATED		
Discovery Point	72,559	68,000
Verdant Works	19,419	20,000
Old Steeple	3,059	0
Visitor Numbers	95,037	88,000
Average Ticket Price	3.37	3.58
Income		
Admissions	320,443	315,010
Letting / Catering Gross	238,980	251,400
Car Park Gross	76,278	82,500
Retail Income Gross	172,448	170,600
Corporate Support	10,589	15,000
Fundraising	17,271	16,200
Old Steeple Fee	0	0
Total Earned Income	836,009	850,710
DHT Fundraising Draw down	89,000	0
Marketing Grant	35,619	63,512
DHT Salary Grant	0	10,000
Friends Contribution	2,000	2,000
DCC Grant	26,000	52,000
Old Steeple Revenue Grant	4,847	0
Misc Grant	7,882	7,500
TOTAL GRANT INCOME	165,348	135,012
TOTAL INCOME	1,001,357	985,722
EXPENDITURE		
Total Payroll	448,479	419,563
Total Running Costs	553,393	598,966
Total Expenditure	1,001,872	1,018,529
SURPLUS/(DEFICIT)	(515)	(32,807)
Revenue Support from DHT	515	0
OVERALL POSITION	0	(32,807)