

### Summary of Evidence Examined by the Review Team

#### Current customers and participation in culture services

- In 2015/16 the total number of in person attendances at key cultural attractions across Perth and Kinross was around 994,000<sup>1</sup> HX and CPK contribute about 20% of this total (excluding library use – see below):
  - 79,849 in person attendances at museums and galleries (2017/18)
  - 112,000 at Perth Concert Hall and Perth Theatre (2017/18 figures).
- Council funded and/or managed major events in Perth city centre attracted just under 130,000 visits in 2017/18. This figure includes the Winter Festival (117,000) operated by the Council and Perth Festival of the Arts (11,500) delivered by an independent charity with seed-funding from the Council.
- Libraries, a free universal statutory service, are operated by CPK on behalf of the Council across 13 community libraries and 3 mobile libraries:
  - In-person uses totalled 596,000 in 2017/18,
  - Online use of library services totalled 848,653.<sup>2</sup>
  - In-person use has fallen by 26% since 2013/14
  - Online use has increased by 67% in the same period
  - 85% of users are Perth and Kinross Council residents
  - 18% of the Perth and Kinross population are active library members
  - The largest user group (33%) is aged 60+
  - The smallest user group (6%) is aged 19-30.
  - The People's Network, a lifeline for people without personal internet access, has on average 7,700 uses per year.
- Museums and galleries (Perth Museum and Art Gallery, the Fergusson Gallery and Alyth Museum) are operated by CPK on behalf of the Council:
  - There has been a 21% increase in attendances since 2015/16, largely resulting from improvements to programme quality.
  - Total in person attendances were 79,849 in 2017/18
  - Total online uses were 159,240
  - 20% of users are from Perth city, 60% from Perth and Kinross/Tayside/Stirling and 20% are from elsewhere in Scotland/UK/overseas.
  - The largest customer group (32%) is aged 45-60
  - The smallest (5%) is aged 19-30.

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<sup>1</sup> Data from Council and non-Council funded key venues comprising: Scone Palace, Black Watch Museum, Stanley Mills, Huntingtower, the Hermitage, Birnam Arts, Killiecrankie Visitor Centre, Pitlochry Festival Theatre, Perth Concert Hall, Perth Museum and Art Gallery, Fergusson Gallery and Alyth Museum. [Source: Visit Scotland, \*Tourism in Scotland's Regions, 2016 and Council performance data 2015/16\*.](#)

<sup>2</sup>Online use includes online loan reservations and renewals from libraries, downloaded e-Books and magazines.

- Archives and local studies are operated by CPK from the AK Bell Library in Perth. Usage has remained in a broadly steady state in the last 3 years with 3,600 usages in 2017/18.
- Performing arts programmes are delivered by HX on behalf of the Council from Perth Concert Hall and Perth Theatre. Data for the past 3 years includes the period when Perth Theatre was closed so overall trends are not yet clear since the Theatre re-opened in November 2017:
  - In 2015/16 113,000 tickets were sold compared with 112,000 in 2017/18.
  - The most popular programme type is music (classical and contemporary), which makes up 41% of all tickets sold
  - Family events total 17%.
  - 80% of audiences come from a 30 minute travel time from Perth city and 20% from elsewhere in Perth and Kinross, Tayside, Scotland and the rest of the UK/overseas.
  - The largest user group (24%) is aged 45-54
  - The smallest (6%) is aged 18-24.
- Both ALEOs deliver creative learning programmes to children, young people and adults. CPK also delivers early years and parenting activities including those supported by Scottish Government (Bookbug, RhymeTime). In 2017/18 HX had 21,577 creative learning participants and CPK had 60,700.
- Both ALEOs offer volunteering opportunities and support volunteer groups including the Friends of Perth and Kinross Archive and Horsecross Voices. In 2017/18 CPK had 190 volunteers and HX had 6.

#### **Key findings from customer/participation data:**

- Both ALEOs have limited customer 'reach' with audiences beyond the local area (i.e. beyond 30 minute travel time from Perth). Market appraisals used to inform the business case for City Hall have evidenced significant potential to grow domestic and overseas tourism market share.
- Both ALEOs have low participation by young people (5-6%). Historically this has been one of the hardest groups to engage with for culture organisations.
- Under-representation in cultural audiences amongst the 20% most deprived communities in Perth and Kinross, including some city centre residents. Participation amongst these communities is difficult to measure but is estimated at less than 8%, largely in line with national/UK averages.
- Good examples exist of work done by the ALEOs to engage minority communities, for example heritage work with the Polish community by CPK and inclusive dance delivered by HX. There are also good examples of community engagement, for example during the construction of Perth Theatre and CPK's biannual 'Big Listen' exercise.
- Programming decisions are not systematically informed by customer views and insight and there is no routine joint programming across the ALEOs – for example to attract the family market to activities offered by both.

## Core costs and income sources

Total investment by Perth and Kinross Council in culture services is shown in **Table 1** below. This includes direct investment via the contract fee to both ALEOs and wider costs of service delivery.

**Table 1: Core costs**

Perth and Kinross Council expenditure 2017/18		
Contract fees	3,379,116 – CPK 1,156,480 - HX	
Contract monitoring and compliance	50,000	Service commissioning and contract monitoring, legal and financial advice to PKC, Health and Safety and Property Services advice to ALEOS
City Centre events	417,000	
Property costs	944,000	Includes planned and unplanned repair and maintenance, rates, insurance, cleaning, security & caretaking – average expenditure for last 3 years
<b>TOTAL</b>	<b>5,946,596</b>	

- As charities ALEOs can access business rates relief, apply for other tax relief including Gift Aid and some VAT reclaim; and apply for grants from Trusts and Foundations for which Councils may not be eligible. **Table 2** shows the main revenue sources for the ALEOs apart from Council funding. Non-recurring small grants are not included as they are not guaranteed income. Both ALEOs have had varied fundraising/sponsorship success, generating around £140,000 each in 2017/18 although HX has had more success in 2018/19. Arts fundraising is highly competitive, requiring experienced, highly networked people who are hard to source.

**Table 2: Revenue sources for culture in addition to Council contract fee**

<b>Income sources</b>		
Business rates relief	600,000 <sup>3</sup>	Capped at 600,000 from November 2017 following the Barclay Review – ALEOs can apply for more but this will be deducted from the Council block grant
Creative Scotland Regular Funding (HX)	533,000	Restricted funding awarded for cultural programme - 1.6M total over 3 yrs
Crockhart Foundation (CPK)	50,000	Restricted funding for book purchase
<b>TOTAL</b>	<b>1,183,000</b>	
<b>TOTAL NET REVENUE COST OF SERVICES</b>	<b>4,763,596</b>	

- To keep ALEOs charitable status commercial activities cannot outweigh their charitable ones. In 2017/18 CPK generated £207,300 and HX £682,902 in commercial income, HX mostly from ticket sales and CPK mostly from room hire and retail. A large part of CPK business is delivering a free universal library service so its ability to raise income is more limited.
- City centre events funded by the Council, with the exception of Perth Festival of the Arts, are free of charge. Other cities have successfully raised sponsorship or introducing small charges for some events without major impact on visitors. In general economic impact assessments of culture suggest that for every £1 spent on culture a return on investment of £4-5 is generated for the local economy. The Council's programme is estimated to generate £1.8M wider economic benefits for the area.
- Successful business models for culture elsewhere include the Newcastle-Gateshead Initiative (NGI), Hull 2017 and Plymouth Culture. All emerged from bids for European or UK City of Culture. Their focus is destination marketing to generate economic growth through events and outstanding cultural programmes which promote quality of life. Boards include private sector, Universities, third sector and local authority expertise. Plymouth Culture also provides business development support for creative industries and local artists. Operational responsibility for Council-funded venues sits elsewhere. In Hull a sole member company runs museums and public libraries but does not have primary fundraising, destination marketing and programming functions.

<sup>3</sup> Following the 2017 Barclay Review of business rates a capped total of rate relief will apply calculated by the baseline amount which ALEOs were receiving on 28 November 2017. For CPK and HX this figure is £600,000. Any additional will be deducted from the Scottish Government grant to the Council.

- NGI is the largest example. It is a good example of collaboration between two Councils for mutual benefit including successful bids to host London 2012 events and the Great Exhibition of the North. It also delivers the regional inward investment and business relocation service. It has a trading arm, NGI Solutions, which provides commercial marketing, digital and other services with 75% of clients based in NE England and 25% from elsewhere in the UK.

### **Staff resource and deployment**

- The total staff resource in the ALEOs is currently 168 FTE mostly working in Perth Museum, AK Bell Library, Perth Concert Hall and the Theatre. Key specialist skills include systems librarians, curatorial skills, theatre production and creative programming. Key issues identified by the review were:
  - Significant savings were taken from the Library Service in 2012/13 leaving a very lean structure. This is challenging for maintaining services particularly in small rural libraries when there are staff shortages.
  - HX creative programmers with one exception are freelance. This minimises employment costs but there is a lack of shared accountability for meeting income targets and developing an overall programme strategy.
  - Historically there have been separate technical production teams in place at the Concert Hall and Theatre which has become unsustainable and a more flexible model to support both venues is now being implemented.
  - There are key common functions across both ALEOs, particularly marketing, box office, creative learning and catering with opportunities to create shared services and flexible working especially across the city centre venues. Live Active Leisure also has relevant expertise in new technology, marketing and complex venue management.
  - There are limited skills in museums and exhibitions interpretation, fundraising and customer relationship management and these are increasingly important as the City Hall project comes on stream. The scale, profile and reputation of the employer is key for attracting and retaining these skills as the V&A Dundee experience demonstrates.
  - Analysis of salaries and terms and conditions has highlighted significant variations both within HX, and between HX and CPK. This is a key consideration for the costs of implementing a new delivery model.
  - Unlike CPK and Live Active Leisure HX is not currently a Living Wage employer and the Council may want to consider if this is a sustainable position given the national aim of ensuring all public service employees, including those working for ALEOs, are paid the Living Wage or above.