

ABERDEEN CITY COUNCIL

---

COMMITTEE	Finance Policy & Resources
DATE	1 December 2017
REPORT TITLE	Gordon Highlander Museum – Financial Assistance – Motion by Councillor Cooke
REPORT NUMBER	CG/17/131
LEAD OFFICER	Steven Whyte, Head of Finance
REPORT AUTHOR	James Hashmi

---

**1. PURPOSE OF REPORT:-**

- 1.1 At its meeting on 21 June 2017, Council approved a motion instructing officers to investigate what financial support could be provided by the Council to the Gordon Highlanders Museum and to report back with recommendations to the Finance, Policy and Resources Committee. This report is in response to that motion.

**2. RECOMMENDATION(S)**

- 2.1 It is recommended that Committee:
- a) Note the content of this report;
  - b) Agree that the request for financial support be referred to the Council's 2018/19 budget setting process; and
  - c) Instruct the Head of Finance, Head of Economic Development and Head of Education and Inclusion to work with and support representatives of the Gordon Highlanders Museum to consider the museums business model, external and internal funding sources and to integrate into the city's culture network.

**3. BACKGROUND/MAIN ISSUES**

3.1 Council Motion

At its meeting on 21 June 2017, Council approved the following motions:

- (1) Council notes that the Gordon Highlanders Museum is the only five star rated visitor attraction in the city, and is important in attracting visitors to Aberdeen; and that it also represents an important educational resource. Council also notes the close and long-standing connections between Aberdeen and this historic regiment.

- (2) Council further notes that the museum is facing a funding crisis due to a drop in income from its commercial activities, resulting from the recent downturn in the local economy; and has launched an appeal to raise £300,000 over a three year period; but expects to be able to return to self-funding thereafter.
- (3) Council therefore instructs officers to investigate what financial support can be provided by the Council to the museum to help ensure the survival and future success of this superb facility, given its economic, educational and cultural importance, and to report back with recommendations to the Finance, Policy and Resources Committee.

### 3.2 Gordon Highlanders Museum Appeal

3.2.1 The Gordon Highlanders Museum has launched the following appeal:

3.2.2 “Our main source of income has always been from the services that we supply to Aberdeen companies through conferences, training days and dinners. This has collapsed in line with the collapse in the oil price. In three years our income here has reduced by almost 60% and our profits by nearly 80%. For 2016 we had expected this income to at least remain static and not deteriorate further. Instead we have had a cruel shock: 2016 has been twice as bad as 2015 which until then had been our worst year. Our investment in improved facilities for our corporate clients has not made the difference we had hoped. We do not expect to be back where we were in 2014 before 2020.

3.2.3 This is why we are asking for a leg up now. We need to raise £100,000 each year for the next three years.”

3.2.4 In respect of the income cited above, the museum’s website shows 5 different function rooms that can be used for meetings, dinners or weddings. The prices for dinners depend on the level of service and the facilities and for bronze level are from £67 pp to from £135 pp for the gold level package.

3.2.5 Local media reported on 26 June 2017 that following the launch of the fundraising appeal in mid-May, over £100,000 has been raised, including a £10,000 donation from the Press & Journal. While there was an initial success at the launch of the appeal, donations have slowed considerably, with circa £140,000 raised from the £300,000 target.

### 3.3 Gordon Highlanders Regimental Trust

3.3.1 The Gordon Highlanders Regimental Trust, a registered charity, manages the Museum Support Fund. St Luke’s Limited, a company limited by guarantee, is the commercial arm of the Trust and this company works at arms-length to provide the museum with financial support in its day to day activities. The Gordon Highlanders Regimental Trust provides its premises to St Luke’s Ltd that operates a museum dedicated to the Gordon Highlanders.

3.3.2 The last accounts filed for St Luke's Ltd are for 2016 and are in the abbreviated format allowed for small companies. Of note is the balance sheet value, which has fallen from £117k in 2013 to £82k in 2016.

3.3.3 The following information from the Office of the Scottish Charity Regulator (OSCR) website shows declining financial activity for the Gordon Highlanders Regimental Trust:

	Year End	Income	Expenditure
2013	31-Mar-13	£167,069	£199,733
2014	31-Mar-14	£220,580	£229,376
2015	31-Mar-15	£25,283	£27,342
2016	31-Mar-16	£26,710	£29,858

3.3.4 Information from the OSCR website on the Museum Support Fund shows:

	Year End	Income	Expenditure
2013	31-Mar-13	£143,919	£176,962
2014	31-Mar-14	£198,606	£209,035
2015	31-Mar-15	£174,864	£172,919
2016	31-Mar-16	£292,202	£213,551

3.3.5 The museum's website identifies that 12 staff are employed with around 150 volunteers. The website also contains an advert for an additional permanent member of staff.

### 3.4 Educational, Economic & Cultural Importance

3.4.1 The information in the next 2 paragraphs has been provided by the museum.

3.4.2 User information provided by the Museum:

	<b>Pupil Visits (Primary &amp; Secondary)</b>	<b>Total Museum Visitors</b>	<b>Note</b>
<b>2014</b>	2,740	33,428	1
<b>2015</b>	185	27,216	2
<b>2016</b>	1,646	35,385	
<b>2017</b>	1,319	28,232	3

#### Notes

- 1 This includes all admissions, tea room users and hospitality users.
- 2 Education room was closed for refurbishment for much of 2015. The schools programme was continued by going out to the schools but numbers not kept.
- 3 To end of October 2017.

- 3.4.3 The Gordon Highlanders Museum use a tool provided by the Archives, Libraries & Museums Alliance UK to quantify annual economic impact. The total value calculated was in excess of £1.4m, with the main elements being Employee Impact £490k, Procurement Impact £400k, Visitor Related Impact £180k and Social Impact £370k.
- 3.4.4 There is historic connection between the City and the Gordon Highlanders. The regiment's HQ was in Aberdeen/Bridge of Don between 1881 and 1994, when it was disbanded. Aberdeen and the surrounding area was the recruiting area for the Gordon's and local war memorials evidence this historic connection. In addition Aberdeen City Council is the custodian of the Regimental Colours which are on display in the Town House.
- 3.4.5 The museum's website claims that it is the only Visit Scotland 5 star attraction in Aberdeen. It be noted however, that Aberdeen Sports Village also holds this rating.
- 3.4.6 The museum is not part of the city's culture network which works with cultural partners across the city to implement a new cultural vision and strategy for the city. There is no financial commitment involved in being a member of the network and it offers support for cultural organisations and opportunities for partnership.
- 3.4.7 Officers consider joining the network would be beneficial and would enable the museum to benefit from shared opportunities and business management knowledge, and could enable the museum to more clearly demonstrate its contribution to the city.
- 3.5 Funding Support
- 3.5.1 The council operates a number of grant schemes with differing eligibility criteria. Information on some of these is provided via the council's website and includes Common Good Fund grants and Creative Funding. To date there has been no written funding application received by officers from the Gordon Highlanders Museum for any of these schemes. In an initial meeting, the CEO of the museum stated that he was looking to the council for financial support of £20k per year for each of the 3 years of the fundraising appeal, totalling £60k.
- 3.5.2 The council has provided financial support to the museum in the form of a subsidy from the Common Good Fund for the loan of paintings from the Art Gallery collections as part of their Picture Loan Scheme. This totalled £1,430 in 2016/17.
- 3.5.3 When a funding application is received, officers would have to be provided with sufficient information to evaluate whether the funding criteria are met and consider the application against available uncommitted budgets and other applications applying for funding from the same budgets.
- 3.5.4 Officers have identified that there is no uncommitted revenue funding that could be offered to the museum in 2017/18.

### 3.6 Other Support

- 3.6.1 Officers in Economic Development are investigating external funding sources for the museum to apply for and will prepare a summary report of their findings for discussion with the museum and offer support in applying for those funds identified. These would be funds external of council funds.

## 4. FINANCIAL IMPLICATIONS

- 4.1 Whilst there are no direct financial implications arising from the recommendation of this report, it should be noted that any future decision to award funding to the museum will have to be considered in terms of the financial resources available.

## 5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

## 6. MANAGEMENT OF RISK

### **Customer / citizen and Reputational**

- 6.1 There is a risk that failure of the museum would adversely affect the citizens of the city and wider area and cause reputational damage to the Council. This risk can be mitigated by working with and supporting museum representatives to develop a viable business model going forward.

### **Other**

- 6.2 Consideration has also been given to Financial, Employee, Environmental, Technological and Legal risks, and no risks were identified.

## 7. IMPACT SECTION

### 7.1 Economy

- 7.1.2 The economic impact of the Museum has been quantified in section 3.4.3.
- 7.1.3 The Aberdeen City Council Strategic Business Plan 2017-2018 includes a commitment to 'work with partners and the community to develop iconic tourism attractions to capitalise on non-business tourism and leisure markets and stimulate diverse culture and creative offerings'.

### 7.2 People

- 7.2.1 The museum has a strong connection with the people of Aberdeen through having the regiment's barrack in the city and recruiting for the Gordons from within the city and its surrounding area. Today the museum is supported by many local volunteers and visitors who include those with an immediate or family connected to the regiment, local children on schools visits and foreign tourist with an interest in military history.

### 7.3 **Place**

- 7.3.1 The Gordon Highlanders Museum is recognised with a visit Scotland 5 star rating, one of only 2 visitor attractions in Aberdeen that hold this rating, part of making Aberdeen a vibrant city in which to visit or live.

### 7.4 **Technology**

- 7.4.1 There are no direct implications on technology arising from the recommendations of this report.

## 8. **BACKGROUND PAPERS**

- 8.1 The Gordon Highlanders Museum website:  
<http://www.gordonhighlanders.com/>

## 9. **APPENDICES**

None.

## 10. **REPORT AUTHOR DETAILS**

James Hashmi  
Reporting & Monitoring Manager  
[JHashmi@aberdeencity.gov.uk](mailto:JHashmi@aberdeencity.gov.uk)  
01224 346400

## **HEAD OF SERVICE DETAILS**

Steven Whyte  
Head of Finance  
[swhyte@aberdeencity.gov.uk](mailto:swhyte@aberdeencity.gov.uk)  
01224 523566