

National Mining Museum of Scotland

Report by Kenneth Lawrie, Chief Executive

1.0 Purpose of Report

- 1.1** This report informs Council of a request received from the Chair of the Board of the National Mining Museum of Scotland (NMMS), on behalf of the NMMS Trust for further funding from the Council under a revised service level agreement between the Council and NMMS. A copy of the letter is appended to this report.

2.0 Background

- 2.1** The Scottish Mining Museum (later renamed NMMS) opened in 1984 as a nationally registered independent museum founded to preserve Scotland's mining heritage.
- 2.2** The Museum received substantial funding from the Council and predecessor authority on an annual basis over many years: a report to Council in June 1999 noting that in the period 1991 to 1999 some £1.6m in revenue funding and almost £100,000 in capital funding had been provided. At that meeting in June 1999 the Council confirmed a further revenue grant to the Museum in 1999/2000 of £126,195, but also agreed that the Museum be encouraged to secure support funding elsewhere.
- 2.3** In December 2008, Council considered a further report proposing withdrawal of Council grant funding from the Museum in order to secure efficiency savings. Council agreed to do so from 1 July 2009 in order to allow the Museum some "breathing space" in order to seek alternative funding. Council also agreed to continue to lobby for national funding support for the Museum, and that Elected Members also lobby their respective political parties for national funding support for the Museum.
- 2.4** In March 2009 Scottish Government confirmed £1.32m of funding over the following three financial years. In November 2009, in response to representation received from the Museum, Council approved a "one-off grant" of £20,000 to the Museum so that it could meet its obligations pending decisions on alternative grant funding.
- 2.5** In August 2014 the Council considered a request for further funding from NMMS amounting to £40,000 per annum for the two financial years of 2014/15 and 2015/16. In its assessment Council noted that

Scottish Government were intending (and subsequently confirmed) the same level of funding, that being additional to its basic grant of £370,000 pa. The Council decided on 14 August 2014:

- “ (a) *To approve a funding contribution of £40,000 to the National Mining Museum of Scotland in each of the financial years 2014/15 and 2015/16;*
- (b) *To approve a supplementing estimate of £40,000 in 2014/15 to meet the funding contribution for 2014/15;*
- (c) *That the release of these funds be conditional upon continuing appropriate levels of funding being provided by the Scottish Government, and the Council Leader and the Chief Executive being satisfied that appropriate conditions were agreed with NMMS to ensure proper accountability and scrutiny of the Council's contributions, including the conditions referred to in the bullet points above, and*
- (d) *That further reports, as required, be submitted to the Council.”*

2.6 Subsequent to this decision a formal service level agreement between the Council and NMMS covering the period to 31 March 2016 was signed on 29 January 2015.

3.0 Current Position

3.1 The letter from the Chair of the NMMS Board, as referred to above, requests that Council funding of £40,000 be continued for each of the next two financial years, along with revisions to the service level agreement. The letter provides a justification for the request.

3.2 The letter also notes that Scottish Government has confirmed its level of financial support for 2016/17 will be at the same level as for 2015/16, meaning that the additional £40,000 funding will remain.

4.0 Assessment

4.1 In considering this report it would be reasonable to consider the terms on which the Council's funding was agreed in August 2014, and the extent to which they have been met. The release of Council funds was conditional upon continuing appropriate levels of funding being provided by Scottish Government. This has been the case. If the Council were minded to accede to this further request, it is relevant to note that Scottish Government has so far only confirmed to maintain its contribution for the next financial year. A decision by Scottish Government on whether this level of funding will be maintained for a second year will presumably be made towards the end of the current calendar year. The release of Council funds was also conditional on appropriate conditions to ensure proper accountability and scrutiny of the Council's contributions including conditions referred to in (c) above, and which comprise:

- i) a partnership agreement between NMMS and the Council;
- ii) voting representation on the Board;
- iii) clarity as to the intended use of the Council funding; and
- iv) transparent and open financial reporting arrangements with appropriate opportunity for scrutiny by the Council.

- 4.2** Items i) and ii) were implemented, and the monitoring of the NMMS accounts indicates that the use of funds has been appropriate in furthering the aims of maintaining and developing the Museum as a significant local and national attraction. In summary therefore it is reasonable to conclude that the Council's financial contributions over the past two years have been properly used and accounted for.
- 4.3** The report to Council in August 2014 noted that, if financial support were agreed for 2014/15 and 2015/16, thereafter there could be a review of the matter, particularly in the light of the impact of the opening of the Borders Rail Line. This current request is a timely prompt and opportunity to undertake a review.
- 4.4** NMMS has experienced some significant positive changes in the past year. After a period when the previous Director was absent for an extensive amount of time before resigning, a new Chief Executive Officer was appointed in August 2015. The new Chief Executive has introduced new energy into the work of the Museum and has provided clear strategic direction, essentially in the form of the new Strategic Plan 2015-18, which was approved by the Board in December 2015. The Board itself has filled vacant places with new trustees from a range of backgrounds and is now fully up to its complement. Therefore, whilst indicators such as visitor numbers, income and levels of educational activity are not yet on a steady upward trend, there can be every expectation that these recent developments at NMMS have set the right context for such indicators to improve.
- 4.5** One of the key aims of NMMS is to exploit the opportunities provided by the opening of the Borders Rail Line. Although opened in September 2015, it is only in 2016 that it will experience its first 'Summer season' of visitors and tourists. The Museum is preparing to maximise this opportunity, but will need the confidence of sufficient financial support in order to do so. As has previously been expected, the likelihood is that increased numbers of visitors and income from the railway will enable NMMS to gain more financial viability. The NMMS Strategic Plan identifies a range of projects to improve the offer at the Museum. Some or all of these could be eligible for funding from the Borders Rail Line Blueprint fund of £10million.
- 4.6** The additions and amendments to the service level agreement being proposed by the Chair of NMMS in his letter can all be regarded as positive in focusing on priorities which closely align with those of the Council. Within that context it would be beneficial for Council officers to liaise with the NMMS Chief Executive on details, particularly in relation

to education, tourism development and the Borders Railway to ensure that such alignment of priorities is optimised, and that opportunities for advanced funding are being realised.

5.0 Report Implications

- 5.1** If agreed, the financial costs to the Council would total £40,000 for the financial year 2016/17. The Council could consider funding of a lesser amount. There would be no notable human resource implications. Whatever level of costs are agreed, there is no provision in the budget to meet these costs and therefore the 2016/17 contribution will require approval of a supplementary estimate funded from reserves.

The financial projections for NMMS suggest that without funding support the Museum will have difficulty operating as solvent within the next three years. The expectation is that the Museum's Strategic Plan 2015-18 will provide the basis for increased visitor numbers and income in that period.

5.2 Risk

If the NMMS does not receive sufficient funding to remain in operation, and has to close, Midlothian would lose a major national tourism centre, and Scotland would lose one of its major national museums. In addition to the consequent loss of visitors and tourist income, Midlothian would also lose a centre which has preserved and presented mining heritage related to an industry which has been such an important part of the County's past.

5.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☒ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☐ None of the above

5.4 Impact on Performance and Outcomes

The continued operation and development of NMMS supports the maintenance of a strong tourism sector in Midlothian as well as providing an education and awareness raising of local and national heritage opportunity for local schools and communities.

5.5 Adopting a Preventative Approach

The provision of funding to fill a shortfall in the finances of NMMS will assist in preventing potential closure of the museum.

5.6 Involving Communities and Other Stakeholders

Not specifically relevant to this report.

5.7 Ensuring Equalities

A screening approach to the assessment of equalities impact notes that the most likely affected minority group which would be affected by closure of NMMS would be children of school age. This potential adverse impact can be reduced or avoided through further funding of NMMS.

5.8 Supporting Sustainable Development

Not directly relevant to this report.

5.9 IT Issues

None.

6.0 Summary

- 6.1** When the Council approved a two year funding package for NMMS in August 2014 it was in expectation that during that period the economic impact of the new Borders Rail Line would provide for assured financial sustainability. Whilst that has not happened it is reasonable to expect that the recent activity at NMMS in terms of the appointment of a new Chief Executive Officer, the filling of vacancies on the Board, and the new Strategic Plan 2015-18, will yield positive benefits in terms of increased visitor numbers and income, such that it will be in a more secure financial position. Accordingly, and having regard to the major educational, community and tourist/visitor value of this unique centre of the mining heritage of both Midlothian and Scotland, it would be beneficial to Midlothian for the Council to agree to additional funding of £40,000 for 2016/17 subject to a revised service level agreement; and to review potential further funding towards the end of the next financial year.

7.0 Recommendations

It is recommended that Council;

- i) approves a funding contribution of £40,000 to the National Mining Museum of Scotland for financial year 2016/17;
- ii) approves a supplementary estimate of £40,000 in 2016/17 to meet the funding contribution for 2016/17;
- iii) agrees that release of these funds be conditional upon continuing appropriate levels of funding being provided by the Scottish Government;
- iv) agrees that release of these funds be conditional on the terms of the current service level agreement remaining in place subject to updating, and the inclusion of the additional clauses proposed in the letter dated 22 February 2016 from the Chair of the NMMS Board to the Council's Chief Executive as may be amplified and/or amended to fully align with Council priorities; and
- v) shall receive, as may be required, further reports on these matters.

Date: 9 June 2016

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Background Papers: Service Level Agreement between Midlothian Council
and NMMS dated 29 January 2015

APPENDIX



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MIDLOTHIAN COUNCIL
EXECUTIVE SERVICES

25 FEB 2016

22nd February 2016

Dear Kenneth

Service Level Agreement – NMMST 2016/17

I am writing to you on behalf of the National Mining Museum Scotland Trust to thank Midlothian Council for their financial support over the last 2 years of £40,000 per annum under the terms of the Service Level Agreement. This funding has been greatly appreciated by the Trust Board and has contributed to many successful initiatives that have enhanced the Museum's and Midlothian communities' profile and contributed to the wider economy of the area.

We have recently had confirmation from the Scottish Government that their grant aid for the financial year 2016/17 has been approved and maintained at the same level as for 2015/16. This grant aid will allow the museum to plan substantively for the year ahead and to look for other potential sources of funding to sustain and enhance our financial position. With the current financial year almost at an end we are requesting that the financial support from Midlothian Council be continued and a new Service Level Agreement put in place that outlines the priorities and desired outcomes for both the Museum and the Council.

I attach a copy of the Museum's Strategic Plan approved by the Board of Trustees in December 2015. This plan outlines aspirations for the museum relating to capital development as well as revenue expenditure priorities for the next three years. There is no doubt that NMMST plays a significant role in addressing priorities that feature in the Council's Community Plan and that are reflected in NMMST's strategic plan; these include overarching themes such as education, supporting the heritage and identity of Midlothian and its communities, contributing to the role of tourism in the area and consequently economic regeneration.

Specifically, I would suggest that a new Service Agreement should include the following key priorities as highlighted below:

- Contribute to the tourism offer in Midlothian and develop a better understanding of the visitor profile;
- Develop comprehensive education provision for children, young people and adults that support the Curriculum for Excellence, accreditation and positive destinations;
- Develop capital redevelopment opportunities within the Lady Victoria Colliery that widen the visitor experience and broaden the understanding of the heritage of the coal mining industry and mining communities;
- Contribute to the heritage and profile of Newtongrange and by extension, Midlothian;

- Exploit the Borders Railway link to attract new audiences to Midlothian as a destination for tourists;
- Contribute to developments within the cultural sector in Midlothian;
- Investigate any opportunities which may arise from Midlothian's twinning arrangements with European towns.

Finally, I would confirm my and the Board's view that having Council representation on the Board of Trustees of the Museum has been very helpful. Since joining, Ian Johnson has made a significant contribution to the Board's work which is much appreciated, and we would hope that this relationship will continue in the future. NMMS is keen to sustain a strong working relationship with Midlothian Council. A revised Service Level Agreement, and ongoing commitment from Midlothian Council to fund NMMS over the next 2 years at the current level would help secure this important strategic relationship.

I look forward to hearing from you.

Yours



Rt Hon Henry B McLeish

Chairman