

1 JULY 2014

ITEM 7 - MOTIONS

SUPPORTING INFORMATION FOR MOTION 2

Snibston Discovery Park

Business Plan 2011/12 to 2013/14

15th March 2011

Black Radley

A graphic element consisting of several overlapping, curved, light blue lines that sweep from the left towards the right, positioned below the company name.

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Change log:

<u>Date</u>	<u>Version No.</u>	<u>Comment</u>
4 th Jan 2011	V1.0	IW generated
7 th Jan 2011	V1.1	PL review
10 th Jan 2011	V1.2	IW amends
26 th Jan 2011	V1.3	Post review meeting
15 th Feb 2011	V 1.4	Post feedback amends
14 th Mar 2011	V1.5	Post presentation amends



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1 Introduction

This document is a three year business plan for Snibston located in North West Leicestershire and run by Leicestershire County Council (LCC).

The plan is a pragmatic one, identifying the options for Snibston in meeting the needs of the residents of Leicestershire over the three years to March 2014, whilst delivering value for money in the current tight financial climate and proposing options to sustain commercial optimisation within a reducing council investment programme.

There have been a number of recent reports which have been used to contribute to the plan; most notably the Libraries, Heritage and Arts Review conducted by BOP Consulting and a report by Cllr. David Houseman.

2 Background

Snibston is a 100 acre site which includes the Country Park at the western edge of Coalville in the heart of the National Forest area with reasonably good access from the M1, M42 and A511 road network. Local access from the Coalville ring road is relatively easy by car with extensive tourist road signage although the attraction is detached from the town centre and has limited visibility from the main road.

The attraction is on the former Snibston Colliery which closed in 1983 having run continuously for 150 years. In 1992 an industrial heritage museum with the overarching theme of 'Science Technology and Industry' and country park were opened on the site by the new owners Leicestershire County Council. A number of the colliery buildings are Scheduled Ancient Monuments and are listed on the Heritage at Risk Register (English Heritage, July 2008).

The attraction is dominated by its large single span 'Main Gallery' building with its reflective glass façade at the entrance to the site. In addition there are a range of former mine-working buildings to the rear of the main centre. These represent a nationally important collection of mining heritage buildings, including impressive headstock and winding gear. Some of these are included in part of the colliery tours.

The Main Gallery building incorporates a reception area, toilets, cafe, meeting rooms, Community Gallery, Mezzanine Gallery and office spaces. These facilities are outside the 'pay zone'. Within the 'paid for' attraction there are a range of themed gallery areas generally arranged in a free flow formation with some partitioning – these include ExtraOrdinary, Light Fantastic, Toy Box, Fashion Gallery and the Transport, Engineering and Extractive Industries Galleries. The main galleries reflect different aspects of Leicestershire's industrial heritage based on the museum collections. On exiting the Main Gallery there is a retail area with a range of themed items and giftware.

The external areas incorporate a science play area with a large water play feature and a mining themed children's play area. The external areas also include the

Century Theatre, colliery buildings and the Country Park which incorporates the Grange Nature Reserve, the latter of which is free to the public.

Events play an important part in the operation of Snibston particularly outside the peak summer months and include Fireworks Night and holiday activities.

3 Context

This section outlines the context in which the plan is being prepared, identifying the key issues which need to be addressed.

3.1 Budget

Given the current reduction in budgets across the public sector, service heads within the Communities and Wellbeing Service (as part of the Adults and Communities Department) were initially asked to plan for reductions of 25%. They have subsequently been asked to plan for reductions of 40%. Subject to Cabinet approval in March, these savings will be based on the Libraries, Heritage Arts (LHA) Review recommendations.

Snibston required a contribution of £554k from LCC in 2009/10; this is a reduction on the contribution in each of the previous three years which was in excess of £600k. The budget contribution for 2010/11 is £545k.

A 25% reduction in the 2010/11 budget¹ contribution figure would reduce it to £408k and a 40% reduction would reduce it to £327k. This would require a significant strategic re-assessment of delivery in going forward.

3.2 Sustainable Community Strategy

The Sustainable Community Strategy recognises the key role that culture including museums such as Snibston play in contributing to health, well-being and economic outcomes.

The Sustainable Community Strategy reports that a Heritage Lottery Fund led national survey in 2010 showed that nearly three quarters of local residents believe that investment in the historic environment makes local areas more attractive, and 61% makes an area a better place to live.

A study in 2009 looking at the social impact of community museums and their contribution to the Stronger Communities block of the Leicestershire Local Area Agreement found:

- 79% of respondents agreed that "The museum helps people feel more part of their community."
- 90% agreed that "The museum helps foster pride in the local community."
- 90% agreed that "The museum gives more people the chance to get involved in their community."

3.3 Libraries, Heritage and Arts Review

In late 2010 LCC commissioned a review of the Libraries, Heritage & Arts services in the county, run by the County Council.

¹ This is based on 1 April 2010 budget.

The review proposes a potential vision for the services which aims to support communities by preparing people for the future through learning and skills, connecting the vulnerable to the wider society, preserving the best of the past, and encouraging a sense of health and well-being among all residents.

The review suggested the vision can be 'translated' into the following practical measures:

- Developing reading, learning and information skills, delivered through library services.
- Using the network of cultural buildings as key delivery points and the 'face' of council services.
- Ensuring the protection of, and access to, the heritage assets of Leicestershire.
- Giving people, especially the more vulnerable, access to a variety of cultural and creative services.
- Supporting unique learning and community resources not available from any other agency.
- Meeting LCC's statutory requirements for libraries and record-keeping, and the protection of heritage assets.
- Boosting the sense of place, the local identity, and the health and well-being of residents through cultural engagement.

These practical measures provide a useful guide for the Snibston plan including the need for the protection of heritage assets, promoting access and creating a sense of place and identity. Snibston is well placed to support the delivery of this vision and associated measures by celebrating the preservation of the heritage assets and connecting with the North West Leicestershire community, by providing volunteering opportunities and access to a community asset.

The review also concluded that in order to deliver these measures the service would have to become more:

- integrated;
- digital and peripatetic;
- enabling;
- entrepreneurial;

Again these provide a good guide to the Snibston plan. The opportunities to be integrated with other aspects of the service make best use of the benefits of technology in display, running the retail operations in a more entrepreneurial and centralised way and continuing to provide high levels of customer service.

In relation to Snibston the review states:

There is considerable funding potentially available from the HLF for Snibston: £4.5m has been earmarked for the Mining Lives Project. HLF has indicated it is willing to be flexible about how this investment is drawn down. English Heritage, meanwhile, has conditionally offered additional funding to support the scheme

This offers the opportunity to review a number of aspects of Snibston including:

- *The overall orientation of the exhibits and the story they tell. This should include a review of the existing collections (in accordance with professional standards) and their relationship with the central theme. Mining Lives has the potential to introduce a new and more coherent focus.*
- *The revenue costs: LCC is preparing to conduct a masterplanning exercise by the Property Services department designed to better understand the cost of the building and the wider site and to assess how it might be more sustainable. We suggest that this is undertaken with some speed.*
- *Centring all the museum collections on the site, thus reducing storage costs elsewhere and facilitating the operation of the Open Museum; Snibston becomes a centralised cultural hub accessible to the public.*
- *Consider a radical re-think about the orientation of the site as a whole to link it better to Coalville town and with the country park; there may also be opportunities to release some capital funding to re invest in the site.*

This review process should be conducted with the involvement of cultural partners (particularly English Heritage and HLF) as well as with the district council and other local stakeholders.

The review recognises that Snibston and Bosworth are the two large scale operations in the LCC heritage portfolio and merit particular attention.

3.4 Economic Impact

According to the nationally-recognised STEAM tourist economic assessment, LCC museums had a tourism impact of £7.1m in 2009/10, based on income generated, indirect expenditure and VAT. Within this Snibston was the largest contributor and had an economic impact of £2.3m.

This is a significant figure given the annual contribution from LCC of £554k in 2009/10.

4 Offer

Snibston has a relevant and sustainable offer for a wide range of customers as follows:

- Public
- Schools
- University
- Corporate
- Community
- Other Leicestershire County Council functions
- Other public sector agencies

There is perhaps the need to prioritise these customer groups, and there may be some conflict between developing the offer for all these customer groups.

The following sections explore how the existing offer might be shaped to support delivery of the vision outlined in the LHA review and financial optimisation. These sections are not based upon any market research but rather an interpretation of what the customer needs might be.

4.1 Public

The Science, Technology, Design and Industry offer to members of the public is broad and comprises both indoor and outdoor activities for a range of age groups. There is an active programme of exhibitions and events to maintain interest and stimulate return visits.

Snibston has high levels of customer satisfaction and return visits; the average dwell time is in excess of four hours. Snibston prides itself on high levels of customer service which is seen as a key feature of the experience. Visitor numbers have been increasing over the past five years.

The Snibston offer to members of the public is good and perceived as such by its customers. Whilst underpinned by Leicestershire collections and stories it has a broad appeal which interests visitors from much further a field.

The majority of visitors are white middle class who live within two hours drive time of the attraction and use the car as their means of transport to the site. There appears to be little traffic to the site from the Birmingham conurbation which is less than one hour's drive time away.

The development of the offer to the public needs to expand the audience to those groups not currently visiting the site such as the Asian community. However, it is recognised that this requires an appropriate resource to undertake audience development activity of this nature and to ensure that the offer is relevant and inclusive. Recent activity has focused on piloting a Snibston and Bosworth group travel proposal to test the potential commercial return. As such there is a need to achieve a balance between the potential audiences and the resource outlay.

Access to the Country Park from the Snibston site is not immediately obvious and is set apart. If access were possible it would enhance the overall visitor experience as an indoor and outdoor, whole day experience offering excellent value for money. This is a key tenet of the Snibston Development Programme.

Currently there are an estimated 30,000 users of the Country Park, who do not necessarily pay to visit the museum facility. Providing access to the Country Park from the Snibston site may increase the number of such visits as people use the catering facilities. However Snibston does not have facilities for dogs which may restrict this opportunity.

4.2 Schools

Snibston already does a significant amount of work with schools and over the past few years has been testing the product with schools and partners. In 2009/2010 20,000 student visits were made.

Significantly 70% of school visitors are from outside Leicestershire implying that there is a good offer which schools wish to access.

Snibston should look at developing its offer to schools beyond Key Stage 3, and indeed this is a key feature of the learning proposals within the Mining Lives development scheme.

Snibston is a satellite for the East Midlands Science Learning Centre and Science Technology, Engineering and Mathematics (STEM) support for schools is an important aspect of the Snibston offer. The offer to schools supports STEM provision in partnership with Loughborough, Leicester, Nottingham Trent and De Montfort Universities and Leicestershire Education Business Company. The potential for increasing this further is supported by the Coalition government's plans for maximising STEM provision nationally. Additional potential lies in further exploitation of design and fashion as embodied in the Fashion Gallery and collections.

Currently the school offer is subsidised, largely through the Renaissance programme. Snibston has not actively sought to increase the charges levied on schools to cover costs in line with the service's commitment to developing the schools market. This has involved testing and piloting new workshops and approaches to Curriculum-relevant activity and developing the delivery and promotional infrastructure e.g. pool of museum educators, bookings system, marketing materials etc.

4.3 University and Colleges

Snibston worked with Nottingham Trent University on a four year project sponsored by Woolmark which placed undergraduates on placements with Next PLC.

Building on this experience, there may be opportunities to provide students on other courses such as tourism and business studies with valuable experiences, although consideration will need to be given to commercial optimisation.

The existing university links have been developed over a number of years as a result of the work of a number of key individuals.

Snibston is providing an opportunity for students from Leicester College to access the collections to support their studies. Snibston potentially has a very strong offer to a range of vocational students from fashion, craft and design to motor mechanics. The FE sector is increasingly working with the 14-16 age group who again could benefit from use of the attraction.

The combination of the galleries, meeting rooms and outdoor space provides a flexible resource for HE and FE institutions.

4.4 Corporate

Snibston has established good links with Next PLC who sponsors the Fashion Gallery, one of the biggest fashion galleries outside London. It also has a long term relationship with British Sugar UK and Ireland as a result of the innovative Hemington Timbers conservation project which is being developed to work with other corporate partners, supported by Arts & Business.

The creative and cultural industries are an important economic driver in the region. Snibston can also provide a high quality venue for corporate customers on the room letting side. If the site was closed for some days as suggested in section 7.5.3 then the whole site might be available for corporate customers.

4.5 Community

The Snibston offer to the community is threefold; an iconic attraction for local people boosting the profile of the town and its coal mining heritage, providing volunteering opportunities to local people and a community resource.

The local community are aware of their mining heritage, not least in the name of Coalville, and take pride in the maintenance of the Snibston facility. They will want to see Snibston as a high quality attraction that respects the past and at the same time looks forward. Coalville is a Priority Neighbourhood which is benefiting from significant levels of investment, not least the new housing around the Snibston entrance.

Volunteering is well known to support a sense of purpose and well-being in the volunteers filtering out to the wider community. It is one of the key themes in the Big Society initiative being promoted by the Coalition government. Volunteering can also increase the quality of the visitor experience, supporting customer service and helping to bring the collections and heritage assets to life. It also increases the community affection for the attraction as local people are playing a valuable role in Snibston.

Volunteer hours at Snibston have increased significantly in recent years supported by the Volunteering, Internships and Placements (VIP) project based at Snibston and funded by the local strategic partnership for Leicestershire. The VIP project

ends in March 2011. A new strand within the Renaissance programme may provide for further volunteering co-ordination and support.

Snibston could be used more as a community resource; this links to one of the practical measures from the LHA review (see section 3.3). Local community groups could be allowed to use the meetings rooms at a discount, assuming they will have the resources to do this. As well as generating income this would have the additional benefit of raising the profile of the site with local people. However, there is a balance to be achieved with regard to commercial optimisation and fulfilling its community role. Care needs to be taken to ensure that community use does not significantly reduce Snibston's ability to generate commercial income. The pricing of community use should be set carefully to cover all variable costs and make a contribution to fixed costs. This will need to be considered within the service's overall policy on charging and room use.

4.6 Snibston's role within the County Council

The LHA Service is now part of the Adult and Communities Department within Leicestershire County Council. The Adults and Communities Department is responsible for delivering the seven main outcomes detailed in the Government White Paper "Our Health, Our Care, Our Say".

The seven outcomes include:

- Improved health and emotional well-being
- Improved quality of life
- Making a positive contribution
- Increased choice and control
- Freedom from discrimination and harassment
- Economic well-being
- Maintaining personal dignity and respect

In delivering these priority outcomes the purpose of the Department is:

to enable adults in Leicestershire to be as independent as possible and play a full and active part in the life of their communities

Snibston can provide a unique offer to some of these outcomes such as well-being and making a positive contribution by way of volunteering. It can also act as a resource to other activities being delivered by the Department on maintaining personal dignity and respect and quality of life.

There is also the simple step of other council departments taking advantage of the room hire facilities available at Snibston rather than using the private sector conference market. Again, this will need to be considered within the service's policy.

4.7 Other public sector agencies and services

The themes of collaboration and joined up working across public sector agencies are not new but will be increasingly important in dealing with budget cuts.

Snibston should develop its offer to other public sector agencies operating in North West Leicestershire. The public health agenda in terms of well-being and sense of identity may provide some opportunities. The recent White Paper 'Healthy Lives, Healthy People: Our strategy for public health in England' currently out for consultation passes responsibility for public health to local authorities. Snibston, as part of the LHA Service, should engage actively in the public health debate to identify where it can support this initiative.

Other agencies and services which Snibston could support include youth services, crime prevention, and dementia initiatives (particularly relating to the proven therapeutic effect of reminiscence).

5 Marketing

Snibston has historically spent very little on marketing due to limited budgets and resource: 20p per visitor as opposed to a norm of three or four times that amount for other attractions. It has relied on low cost approaches to maximising the available resources to good effect.

The marketing function is now centralised within Leicestershire County Council and it is too early to comment on its impact on Snibston despite the need to generate income and reduce LCC's contribution.

It is important that all marketing opportunities are exploited by the staff of Snibston as well as using the central marketing function. Such activities could include using the website or visitor contact to capture email addresses for future email campaigns, ensuring that events information is regularly updated on local visitor websites. LCC has just agreed to invest in Dotmailer (an e-comms tool for communication with users) which should enable Snibston to utilise its current email database for regular communications. Investment is also required in postcode capture at point of sale through the Gamma system for all the service's museums.

6 Scheduled Ancient Monument (SAM)

6.1 Summary

A number of buildings on the site have been classified as a Scheduled Ancient Monument, which means that they are of national importance. This places a legal responsibility on LCC to maintain the buildings in perpetuity. The buildings have been formally placed on the government's Heritage at Risk register since 2008 and are classified as in poor condition (priority A). The protection of heritage assets was one of the measures identified as part of the LHA review.

A financial analysis conducted in 2009 to consider how to take forward the Council's responsibilities – i.e. maintain, develop or mothball, decided that the development option (embodied in the Mining Lives project) would improve the long term management and conservation of the former colliery buildings and enable the Council to fulfil its stewardship obligations within a structured and costed plan. The longer that the restoration is delayed, the higher the overall restoration costs and ongoing maintenance will become. Whilst there are contingent liabilities associated with external funding, the liabilities are already inherent in the responsibilities for maintaining the SAM.

6.2 Development Project

If the develop option is chosen the HLF has allocated £4.5m of funding to the project to develop the colliery buildings and provide interpretation in the main galleries. The total project cost is £5.5m with external funding of £4.5m having been secured; the other funding in addition to HLF is from English Heritage and LCC. HLF have indicated that match funding for this project could be in cash or in-kind, and no capital funding is needed.

The finance secured for the development will be required to deliver the project and will generate an increase in revenue costs of c. £30k per annum² for the colliery buildings, as indicated by Property Services.

Mining Lives will reduce the maintenance costs for between 10-20 years. The proposal to work with volunteers and the Stephenson's College apprenticeship programmes will demonstrate sustainable support for the buildings whilst building community identity among local young people.

6.3 Promotional opportunity

The investment in conserving and making accessible the colliery buildings would provide an ideal opportunity to demonstrate further significant public investment in the North West Leicestershire area from Lottery funds, and be a significant catalyst in achieving the "Vision" for Coalville.

² Based on 1.5% of the capital cost of the colliery buildings equals the annual building maintenance costs; c.£5K per annum fuel costs.

7 Financial

Financial tables are attached in appendix 3.

7.1 Summary

In 2009/10 Snibston had costs of £1,090k of which 42.2% comprised payroll costs.

Income generated was £536k and the LCC contribution was £554k.

The budget figures for 2010/11³ show a 7.7% increase in income generated and a 2.9% increase in costs. This results in a reduction of LCC contribution to £545k.

The three year financial forecasts on page 25, modelling the existing business on an ambitious basis addressing the retail operations with annual 5% increase in visitor numbers and income, show the LCC contribution reducing to c. £300k in 2011/12. If the Scheduled Ancient Monument is developed the LCC contribution is slightly less as the increased costs noted in section 6.2 are offset by increased admissions income.

7.2 Income Generated

Snibston generates income from a number of sources as shown in the table below.

Income caption	2010-11 Budget	2009-10 Actual	% mvmt
General admissions income	197,380	206,501	-4.4%
Schools admissions income	48,020	35,754	34.3%
Groups admissions income	9,720	7,004	38.8%
Season ticket income	14,120	13,082	7.9%
Gross retail income	82,958	94,339	-12.1%
Gross catering income	134,822	134,822	0.0%
Event income	7,510	1,553	383.6%
Railway income	8,920	9,024	-1.2%
Colliery Tour income	12,030	15,728	-23.5%
Meeting Room hiring	27,360	18,182	50.5%
Total	542,840	535,989	1.3%

Each of these income sources is explored further in the following seven sections:

³ Reflects budget on 1 April 2010 and does not reflect current forecasts.

7.2.1 Admissions

Admissions income comprising general, schools, groups and season tickets accounted for 49% of the total generated income in 2009/10.

The table below shows the average income per visitor actual 2009/10 and budget 2010/11.

	2010/11	2009/10
General Visitors	46,000	45,438
Income per visitor	4.82	4.54
School Visitors	18,500	17,700
Income per visitor	2.16	2.02
Group Visitors	3,000	2,404
Income per visitor	3.24	2.91

In 2009/10 discounts of £34,660 were granted by way of free admission for children with paying adults, as part of a marketing strategy. The income per paying visitor before the discount was £5.30.

7.2.2 Catering

Catering income for 2009/10 was £134k. The margin achieved was very low at £2.3k (1.7%). The budget margin for 2010/11 has increased to £10.7k, it is assumed that this is due to a reduction in costs rather than any increase in income.

	2009/10	2010/11
Gross catering income	134,822	134,822
Catering costs	(132,517)	(114,032)
Catering margin	2,305	20,790
Catering margin %	1.7%	15.4%
Gross catering income per visitor	1.36	1.32

The margin above is after allocating staff costs to the catering function.

The gross catering income per visitor is £1.32. This figure includes all visitors to the galleries paying and non-paying but not school visitors do not purchase from the catering outlet. Increasing catering income per visitor must be a key priority for the business.

In addition to the increase in sales the gross margin earned on those sales needs to be increased to what might be accepted as an industry standard of around 50%. Controlling wastage and staff costs must be seen as key priorities, and is part of the current improvement plan.

7.2.3 Retail

Retail income for 2009/10 was £94k. The margin achieved was £53.2k (56.5%). The budget margin for 2010/11 has reduced to £46,860; it is assumed that this is due to a reduction in sales whilst maintaining the same gross margin rate.

	2009/10	2010/11
Gross retail income	94,339,	82,958
Retail costs	(41,050)	(36,098)
Retail margin	53,289	46,860
Retail margin %	56.5%	56.5%
Gross retail income per visitor	0.98	0.81

The margin above is before allocating any staff costs to the retail function.

The gross retail income per visitor is only £0.81; increasing income per visitor must be a key priority for the business. The current gross margin earned on the retail function is at an acceptable level in line with industry standards.

7.2.4 Events, Railway & Colliery Tour Income

Events, mainly comprising the Miners' Gala and firework display generate income. It is not clear what the financial implications of the events are as there does not appear to be a consistent approach to the allocation of costs.

The 2010-11 budget event income is £7,510 and associated costs £4,840 but apparently the income figure is after the allocation of some costs.

The financial implications of each event should be analysed in a consistent way, this would enable management to make informed decisions as to the true cost or benefit of the event. Of course events have the secondary financial benefit of introducing visitors to the venue who may access the retail or catering facilities. Events are also a means by which Snibston actively involves and engages with the local and interested-community.

Although not classified in the events caption the Railway and Colliery Tours are an important part of the overall Snibston experience. They contribute to visitor satisfaction as well as generating income, which appears to cover the non staffing costs of the activity.

7.2.5 Meeting Room hiring

The meeting room hiring income for 2009/10 was £18,182; no costs are allocated to this income in the management accounts. The budget income for 2010/11 is £27,360. To be a credible corporate venue the meeting room business has to be supported by a good front of house service and catering facilities.

In addition to its role as a heritage attraction in its own right, the Century Theatre is let as an entertainment venue, and facility for science shows and education events. The criteria for lettings are that the income must cover the variable costs. A plan is being developed to develop the potential of the facility as a venue.

The Workwell centre in the main building provides a service to employees under contract to the Council. There appears to be little scope to extend this facility to other users and Snibston currently bears some costs for hosting Workwell, including staffing for to keep it open out of museum opening hours.

Section 4.5 above suggests that the Snibston facility could be used more as a community resource, this creates a tension with commercial targets and private sector investment.

7.2.6 Corporate

Snibston has excellent links with the retailer Next plc, these are links are based upon strong business relationships developed over a number of years.

Next provided sponsorship for the Fashion Gallery in terms of capital investment and provides in-kind contributions for particular activities or projects.

Snibston, as part of the service as a whole, works with Arts and Business to foster private sector partnerships.

7.2.7 Sponsorship and Philanthropic

Snibston does not currently receive much sponsorship or philanthropic income. There would seem to be little opportunity for this to become a material income stream in light of Snibston's position as a local authority service. Registered charities are more attractive to philanthropic benefactors.

7.3 Costs

Snibston expenditure appears to be on a very lean budget with little opportunity for cutting non payroll costs.

Payroll comprises over 42% of the costs with the other major items being rates (16%), electric and gas (13.4%) and cleaning (5.5%).

7.4 Liabilities

Snibston has been in receipt of significant amounts of public capital funding for improving the site, c. £1.6m capital and £240k revenue. There are a significant number of contingent liabilities and possible grant repayments should the Snibston site cases to be a museum.

7.5 Financial Options

This section explores some of the options for Snibston to improve its sustainability and reduce the level of contribution from LCC.

The LHA review states: :

There appears to be broad support for managing the major museums in such a way that emphasises income generation in order to reduce public subsidy.

There appears to be some scope for developing both Bosworth and Snibston in particular — through NNDR relief, gift aid, social enterprise capital and revenue funding – and growing visitor numbers.

7.5.1 Customer Offer

At the heart of Snibston's financial sustainability is maintaining a high quality offer to customers. Customer segmentation and the resource to undertake this would allow Snibston to understand the different needs of different customer groups. At present the customer profile seems quite narrow, the challenge is to get that group to spend more.

At the same time Snibston needs the resource to understand how it can attract more customers from underrepresented groups, whilst recognising the tensions that this can bring with regard to commercial optimisation.

The events, colliery tour and railway are an important part of this offer. Access to the Country Park could further enhance the offer and attract new customers - if only to the catering facilities.

7.5.2 Retail Operations

Snibston has to reinvigorate its retail and catering operations, generating more income per visitor and for catering especially, ensuring that the margin earned on those sales is at the required level.

The retail offer is being revised during the 2011 January closedown, with new stock promoting linkages to the collections and moving to a higher quality product range.

A professional retail manager is taking forward the improvements to Snibston's retail offer in 2011.

7.5.3 Restricted Opening Hours

As a family attraction the majority of visits to Snibston are at weekends and during school holidays.

A Black Radley model of visitor numbers shows on 40 of its least well attended days SDP generates 7% of its relevant income. 40 days comprises 11% of the current days SDP is open per year.

The model shows the corresponding variable payroll costs for those 40 days to be approximately 9% of its payroll costs. Variable payroll costs are some of those front of house staff who would not work if Snibston was not open to the public.

The table below summarises the potential financial implications. This may represent a worst case scenario as the visitors who would have come on the days it was closed may visit at another time – though this is unlikely to apply to tourists from out of county. It also does not take account of other variable costs such as heating, lighting and cleaning.

	Potential closed	Annual	% closed
Days	40	355	11.3%
Income	21,187	314,210	6.7%
Payroll costs	35,080	356,790	9.8%
Net saving	13,893		

7.5.4 Funding Opportunities

In the current public sector funding climate it is perhaps unlikely that there will be many opportunities for Snibston to secure additional funding. However the Lottery Funding streams do provide potential for capital and revenue investment, and Snibston meets a number of priority objectives within the Heritage Lottery Fund, Arts council, Big Lottery agenda and with English Heritage for the SAM. There are also opportunities for revenue schemes for example supporting vulnerable adults or children with learning disabilities. This needs to be undertaken in the context of the LHA Service priorities and allocation of resources.

7.5.5 Mining Lives

Adopting the development option for the Scheduled Ancient Monument under the Mining Lives project provides an opportunity to relaunch the Snibston profile. It would be a significant public sector investment in a Priority Neighbourhood.

The costs of maintaining the buildings are likely to decrease within the development project, as the external investment would restore the scheduled buildings according to national standards, provide greater access and secure the buildings for a sustainable future.

7.5.6 Centralise Collections

There is an opportunity for a rationalisation of heritage storage capacity on the Snibston site, in tandem with reducing the facilities at other LCC such as Barrow on Soar and Lutterworth. This would enable a concentration of curatorial expertise and access, reduction in overall costs of £100k per annum and enhance the museum offer.

7.5.7 Rating appeal

LCC has successfully appealed against the rating assessment for the previous 5 years, although the saving has been absorbed centrally rather than being re-allocated affected sites like Snibston. Any further appeals and savings will follow the same approach. LCC properties in Coalville will be subject to higher rate charges from 2011/12 as a result of the BID scheme, which LCC will endorse in the forthcoming voting round.

7.5.8 Governance options

Some of the governance options outlined in section 9 have financial implications; most notably business rate relief.

7.6 Finance Summary

The net effect of the measures outlined in this plan on the required contribution from LCC may be summarised as follows:

	2010-11 Budget	Forecast 2011/12	Mvmt
Income	542,840	652,784	109,944
LCC contribution	540,830	374,157	(166,673)
Total income	1,083,670	1,026,941	(56,728)
Costs	1,083,670	1,026,941	(56,728)

The increase in income is due to the removal of the discount of a free child with paying adult (£35k) and increases in retail income (£34k) and catering income (£14k), coupled with the increase in visitor numbers. Admission charges were increased with effect from January 2011.

The reduction in costs is due to the assumed 2.5% increase in costs, an increase in retail costs of £14k, offset by a small reduction in catering costs and the transfer of cleaning costs (£63k) and payroll costs from the Comms review.

7.7 Financial Management

The financial management of the business will be reviewed in 2011/2012 as part of the restructure of LHA Services. Internal Audit from time to time undertakes work on specific areas (e.g. external funding).

8 Risk Plan

8.1 Operational Effectiveness

Snibston has to improve its operational effectiveness especially in respect of its catering and retail operations. Targets for 2011/2012 will be reviewed regularly and integrated within the "income" strand of the LHA review.

LCC is rationalising some of its central services such as marketing, this means that Snibston will be dependent upon other teams within the service and the wider authority to make some of these operational improvements.

8.2 Scheduled Ancient Monument

The Scheduled Monument is clearly in need of urgent attention. There are already concerns that the delay to renovation has caused more damage and increased the cost of the development project.

An early decision on the future of the monument is required.

LCC are undertaking a masterplanning exercise of all the assets associated with Snibston which might provide clarity as to the future of the monument and the associated visitor attraction. The master plan needs to address the issues of external funding availability and the current HLF bid, and identify potential areas for land sale, which meet the approval of English Heritage.

9 Governance Options

There are a number of governance options which could be suitable for Snibston. There is support for new delivery models from MLA who consider that there is evidence that devolution of services 'accelerates organisational innovation and growth'.

There are six modes of governance that are applicable to museums, libraries and archives, comprising 11 legal formats:

- Charities (CCLGs, trusts, CIOs)
- Community Benefit Societies (IPSs, Co-ops)
- Community Interest Companies (limited by guarantee or shares)
- Community Benefit and Community Land Trusts;
- Limited Liability Partnerships;
- Companies Limited by Guarantee

The LHA identifies devolved delivery as one of the options for the service as a whole but recognises that there are major challenges with this approach.

Devolved delivery – transferring services and functions to one or more external organisations, such as a trust, a company or a social enterprise. This approach has the potential to create a more dynamic service in some respects with the scope for increased income revenues. The county's museums might have something to gain from such an approach, though the benefits for libraries are much less clear. Even so, there would be major challenges in adopting such an approach for museums, and again it seems unlikely to deliver the required savings in the time period.

The different governance options can be grouped into three distinct forms: :

- Enterprise
- Charitable
- Investment

In all of these models the responsibility for running Snibston would be passed to a separate independent legal entity. LCC would continue to contribute under an SLA which would specify the level of service to be delivered.

The management of collections and the County Council's stewardship responsibilities for the collections as heritage assets would need to be clarified within any alternative governance option.

LCC would need to confirm whether they could pass on responsibility for the Scheduled Monument to such a body.

All of the models may have access to tax exemptions including gift aid, VAT and Business Rate Relief subject to the legal structure chosen.

One of the problems with all these models is finding people with the necessary management skills, time and willingness to run the business. It is a huge shift from volunteering to running a substantial business, with risks attached.

As noted above the key benefit in all these models is that independence can enable a more enterprising approach which can innovate to improve the offer, generate income and reduce costs. Not least because of the capability issues notes above this is not a quick fix.

The difference between the models are explored below:

9.1 Charitable Model

The charitable model comprises delivery of services by a non profit distributing organisation for public benefit. It must be wholly and exclusively charitable.

The organisation is run on a philanthropic basis, will be subject to the regulatory regime of the Charities Commission which might restrict some of the commercial activities which the organisation can participate in. It might be possible for these to be carried out in subsidiary companies.

9.2 Enterprise Model

The focus is on generating commercial income and a profit to reinvest in the organisation.

The organisation can be a charity under the enterprise model.

9.3 Investment Model

The investment model requires a third party investor who sees the opportunity to make a return on an investment.

Very few museums have gone down the investment route to devolution and it is unlikely to be an option for Snibston because of the Scheduled Monument and associated liabilities,

The two key advantages inherent in investment models are performance efficiency and investment.

10 Key Decision Points and Actions

- Refresh marketing focus and segmentation e.g. Asian and BME audiences
- Review and refresh of schools offer and college offer (especially beyond KS3)
- Snibston's role as a community resource, create links with groups and celebrate success
- Snibston as a hub for multi agency working (4.7)
- Review of charges with schools and universities
- Balance the above against the need for commercial optimization
- Scheduled Monument decision
- Improvement plan for retail and catering operations.
- Refresh membership/ season ticket offer and programme communications with central teams

1 Visitor Information

Headline visitor numbers for calendar years have remained relatively stable at around 90,000 to 100,000 visitors per annum. This figure comprises paying visitors, concessions and people attending events.

There is also a reasonably high level of repeat visitation, with approximately 40% being repeat visits (people who have previously visited Snibston) according to the Customer Satisfaction Analysis (Jan-Dec 2007).

In respect of the above headline figures education groups represent an important market and during 2009/10, they accounted for approximately 17,500 visits

In addition to the general admissions Snibston incorporates separate conference facilities within its main building. .

Not all conference visitors incorporate a visit to the attraction, although it is to be expected that Mining Lives will provide stronger opportunities to develop flexible conference packages which do involve some aspect of the interpretative experience.

A number of reports have been produced on the characteristics of visitors at Snibston. From the Satisfaction Analysis Annual Report January – December 2007 key visitor characteristics identified include:

- Family Groups represent the main market for Snibston with the average age profile being fairly evenly split between adults and children on an overall annual basis. Interestingly during the Easter period and half terms more grandparents with their grandchildren visited Snibston.
- The most represented age group is the 35-44 age band with retirement age people representing at least 20% of visitors each month.
- Ethnicity – visitors to Snibston are predominately classified as 'White British', with some months the sample records 100% 'White British' visitors. Whilst limited research has been carried out amongst ethnic minorities it is recognised that visitors of ethnic origin are not fully recorded, notably within education visits.

In terms of the market catchment the majority of visitors to Snibston live within a 60 minute drive contour of the attraction

The majority of visitors live within the primary market catchment of the 60 minute drive time contour (75% +). However during 2007 the percentage of visitors living outside of the 60 minute drive time increased from 21% to 24%. This figure may be distorted by customers visiting friends and relatives within the 60 minute drive time but whose residence is outside the 60 minute drive time catchment.



Fuel costs, increasing unemployment levels and economic uncertainty may have a significant impact on this market segment. This has some clear implications in terms of a marketing strategy and helps to reinforce the importance of a significant amount of marketing effort being directed to initiatives within the 60 minute drive time contour.

In terms of the membership/ season ticket offer at Snibston there appears to be a relatively low uptake although it does represent some 5,600 annual visits.

Appendix 2**1 Visitor Experience**

The Colliery Tour is a "highly popular" element of the visitor experience but capacity issues restrict the number of visitors who can experience the tour. At present some 15-20% of visitors experience the colliery tour. The report notes "qualitative data supports the public demand for this particular area of the product development."

Customer Satisfaction Analysis Annual Report January – December 2007 also identified that:

- Repeatability - the level of repeat visits at some 40% indicates good engagement with visitors;
- Dwell time – the average length of stay has increased significantly between 2006 and 2007, with the number of visitors staying over 4 hours increasing from 37% to 48% (anecdotal evidence suggests that since the mining themed play area was introduced the dwell time has increased). This should have a positive impact on revenue generating opportunities in relation to retail and catering spend.
- The colliery tour and outdoor play are consistently recorded as the 'most-liked' aspect of the visit.
- The Community Gallery and the Transport Gallery score the lowest levels but still achieve a rating in excess of 7 out of 10. It is perhaps worth noting that a high proportion of visitors do not manage to visit every gallery/ element of Snibston on a single visit which may account for the lower scores for certain features/ exhibits. It is worth noting that the Community Gallery is in the free zone and visits to this space are now recorded through a beam counter.

It is interesting to look at the survey completed by MLA (Hub Exit Survey Quarter 2, 2008) which despite its limited sample identified that 45.7% of visitors rated their visit in terms of what there was to see and do at Snibston as excellent with 50% giving a rating of 'good'.

Appendix 3

2 Historic Financial Information

2.1 2010-11 and 2009-10 income analysis

Income caption	2010-11 Budget	2009-10 Actual	% mvmt	2010-11 as % of total	2009-10 as % of total
General admissions income	197,380	206,501	-4.4%	18.2%	18.9%
Schools admissions income	48,020	35,754	34.3%	4.4%	3.3%
Groups admissions income	9,720	7,004	38.8%	0.9%	0.6%
Season ticket income	14,120	13,082	7.9%	1.3%	1.2%
Gross retail income	82,958	94,339	-12.1%	7.7%	8.7%
Gross catering income	134,822	134,822	0.0%	12.4%	12.4%
Event income	7,510	1,553	383.6%	0.7%	0.1%
Railway income	8,920	9,024	-1.2%	0.8%	0.8%
Colliery Tour income	12,030	15,728	-23.5%	1.1%	1.4%
Meeting Room hiring	27,360	18,182	50.5%	2.5%	1.7%
Total	542,840	535,989	1.3%	50.1%	49.2%
LCC contribution	540,830	554,267	-2.4%	49.9%	50.8%
Total income	1,083,670	1,090,256	-0.6%	100.0%	100.0%

Note:

The difference in event income above is due to a change in the number of trading accounts being used rather than any significant variation in financial performance.



2.2 2010-11 and 2009-10 expenditure analysis

Expenditure caption	2010-11 Budget	2009-10 Actual	% mvmt	2010-11 as % of total	2009-10 as % of total
Staffing	476,790	459,817	3.7%	44.0%	42.2%
Electricity	81,680	87,827	-7.0%	7.5%	8.1%
Gas	72,780	59,968	21.4%	6.7%	5.5%
NNDR	151,450	173,387	-12.7%	14.0%	15.9%
Water Charges	6,430	8,327	-22.8%	0.6%	0.8%
Contract Cleaning	61,590	29,396	109.5%	5.7%	2.7%
Premises Insurance	2,490	3,668	-32.1%	0.2%	0.3%
Operational Costs	3,280	4,108	-20.2%	0.3%	0.4%
ICT & Gamma support	4,390	10,815	-59.4%	0.4%	1.0%
Event Expenditure	4,840	15,327	-68.4%	0.4%	1.4%
Coaltrax Costs	1,060	3,040	-65.1%	0.1%	0.3%
Uniforms/PSE	2,620	2,456	6.7%	0.2%	0.2%
Stationery	2,930	4,736	-38.1%	0.3%	0.4%
Postage	3,480	3,533	-1.5%	0.3%	0.3%
Telephones	6,280	8,822	-28.8%	0.6%	0.8%
Marketing	20,730	23,270	-10.9%	1.9%	2.1%
Investment	14,020	0		1.3%	0.0%
Waste collection	5,000	2,057	143.1%	0.5%	0.2%
Card & Cash Processing	7,000	5,613	24.7%	0.6%	0.5%
Catering costs	114,032	132,517	-13.9%	10.5%	12.2%
Retail costs	36,098	41,050	-12.1%	3.3%	3.8%
Other	4,700	10,522	-55.3%	0.4%	1.0%
Total	1,083,670	1,090,256	-0.6%	100.0%	100.0%

3 Forecast Financial Information

3.1 Forecast three year income analysis

Income caption	2011-12	2012-13	2013-14
General admissions income	254,877	272,670	291,606
Schools admissions income	48,563	50,991	53,540
Groups admissions income	10,043	10,344	10,654
Season ticket income	14,826	15,567	16,346
Gross retail income	116,981	133,064	150,320
Gross catering income	148,884	160,786	173,447
Event income	7,886	8,280	8,694
Railway income	9,366	9,834	10,326
Colliery Tour income	12,632	13,263	13,926
Meeting Room hiring	28,728	30,164	31,673
Total	652,784	704,963	760,531
LCC contribution	374,157	340,065	302,657
Total income	1,026,941	1,045,029	1,063,189

Season ticket, event, railway and colliery tour income forecast to increase at 5% per year in line with visitor numbers, see 2.2 below.

Meeting room income forecast to increase at 5% per year.

3.2 Forecast three year income admission income assumptions

	2011-12	2012-13	2013-14
Paying visitors	48,090	50,495	53,019
Unit income	5.30	5.40	5.50
School visitors	19,425	20,396	21,416
Unit income	2.50	2.50	2.50
Group visitors	3,090	3,183	3,278
Unit income	3.25	3.25	3.25
Concessions	10,300	10,609	10,927
Events	19,570	20,157	20,762
Season tickets	5,871	6,047	6,229
Total	106,346	110,887	115,631

Paying visitors, school visitors and group visitors increase at 5% per year.

Unit income for paying visitors increases from the current level of £5.30, before the free child discount (a marketing strategy) to £5.40 and £5.50 over second and third years of the forecast. Unit income for school visitors increased to £2.50 from the current levels of £2.02.

3.3 Forecast three year catering income, costs and margin

	2011-12	2012-13	2013-14
General vistors	106,346	110,887	115,631
Catering income per visitor	1.40	1.45	1.50
Catering income	148,884	160,786	173,447
Catering costs	111,663	112,550	112,740
Catering margin	37,221	48,236	60,706
Catering margin rate	25%	30%	35%

Income per visitor increased from the current level of £1.32 and the margin rate increased to a more acceptable but still prudent level.

3.4 Forecast three year retail income, costs and margin

	2011-12	2012-13	2013-14
General vistors	106,346	110,887	115,631
Retail income per visitor	1.10	1.20	1.30
Retail income	116,981	133,064	150,320
Retail costs	50,302	57,218	64,638
Retail margin	66,679	75,846	85,683
Retail margin rate	57%	57%	57%

Income per visitor increased from the current level of £0.95 and the margin rate maintained at current levels.

3.5 Scheduled Ancient Monument

If the Scheduled Ancient Monument is renovated it will have a positive affect on visitor numbers. This will materialise in 2013-14. An additional financial forecast has been prepared to reflect an increase of 10% in general and school visitors, an increase in the average income per visitor to £5.75 and colliery tour and event income increasing by 10%.

The net effect of these revised assumptions is shown below.

Income caption	2011-12	2012-13	2013-14
General admissions income	254,877	272,670	319,378
Schools admissions income	48,563	50,991	56,090
Groups admissions income	10,043	10,344	10,861
Season ticket income	14,826	15,567	16,346
Gross retail income	116,981	133,064	155,968
Gross catering income	148,884	160,786	179,963
Event income	7,886	8,280	8,694
Railway income	9,366	9,834	10,818
Colliery Tour income	12,632	13,263	14,589
Meeting Room hiring	28,728	30,164	31,673
Total	652,784	704,963	804,379
LCC contribution	374,157	340,065	297,318
Total income	1,026,941	1,045,029	1,101,697

3.6 Forecast three year expenditure analysis

Expenditure caption	2011-12	2012-13	2013-14
Staffing	476,790	476,790	476,790
Comms review adjustment	-17,000	-17,000	-17,000
Electricity	83,722	85,815	87,960
Gas	74,600	76,464	78,376
NNDR	155,236	159,117	163,095
Water Charges	6,591	6,756	6,924
Contract Cleaning	63,130	64,708	66,326
Budget transfer	-63,130	-64,708	-66,326
Premises Insurance	2,552	2,616	2,681
Operational Costs	3,362	3,446	3,532
ICT & Gamma support	4,500	4,612	4,728
Event Expenditure	5,082	5,336	5,603
Coaltrax Costs	1,113	1,169	1,227
Uniforms/PSE	2,686	2,753	2,821
Stationery	3,003	3,078	3,155
Postage	3,567	3,656	3,748
Telephones	6,437	6,598	6,763
Marketing	21,248	21,779	22,324
Investment	14,371	14,730	15,098
Refuse collection	5,125	5,253	5,384
Card & Cash Processing	7,175	7,354	7,538
Catering costs	111,663	112,550	112,740
Retail costs	50,302	57,218	64,638
Other	4,818	4,938	5,061
Total	1,026,941	1,045,029	1,063,189

All expenditure lines increased at a rate of 2.5% per year with the exception of payroll which is forecast to remain constant and the catering and retail costs which are calculated in sections 2.3 and 2.4.

The contract cleaning costs of £63k are transferred out of Snibston's budget as are £17k of payroll costs as a result of the Comms Review.

Appendix 4

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