



HIGHLAND MUSEUMS FORUM

Highland museums: our collective future

Stage Two Report



Rowan Tree Consulting
3 Ballifeary Road
Inverness
IV3 5PJ
Tel 01463 715225/079 105 24037
helen@rowan-tree-consulting.co.uk
www.rowan-tree-consulting.co.uk

June 2018

CONTENTS

	Page
SUMMARY	1
1 INTRODUCTION	
1.1 Background	5
Methodology	5
2 STRATEGIC CONTEXT	
2.1 Scottish Government	8
2.2 Museums Galleries Scotland	8
2.3 The Highland Council	10
2.4 Highlands and Islands Enterprise	11
2.5 Implications for museums	12
3 STRATEGIC CONTEXT - TOURISM	
3.1 Museums and tourism	14
3.2 Scottish tourism trends	15
3.3 HMF visitor trends	16
3.4 Dark tourism	22
3.5 Authentic experiences	23
3.6 Ancestral tourism	24
3.7 Cruise liner market	25
3.8 North Coast 500 (NC500)	25
3.9 Strategic tourism development	27
4 AUDIT FINDINGS	
4.1 Organisational structure and means of operation	30
4.2 Financial sustainability	35
4.3 Collections care and development	41
4.4 The wider cultural and community environment	44
4.5 Recommendations re tourism development and marketing	47
4.6 Recommendations re audience development	53
5 RECOMMENDATIONS RE FUNDRAISING AND DEVELOPMENT WORK DURING HMF OCF PERIOD	
5.1 Overview	56
5.2 Fundraising – current situation and recommendations	56
5.3 Wider development issues	63
6 RECOMMENDATIONS ON ESTABLISHING NEW MECHANISMS THAT WOULD RAISE INCOME FOR THE MUSEUMS AND REDUCE THEIR OPERATING COSTS	
6.1 Overview	72
6.2 Legal mechanism	72
6.3 The potential range of income-generating activities	73
6.4 Reducing operating costs	77
6.5 Establishing a SCIO	77
6.6 Advantages and responsibilities of a SCIO	78
7 NEXT STEPS	80
<i>Appendices</i>	
<i>One</i>	<i>HMF OCF brief</i>
<i>Two</i>	<i>HMG OCF standard audit form</i>
<i>Three</i>	<i>HVOS volunteering toolkit</i>
<i>Four</i>	<i>Other models</i>

SUMMARY

- a. *This report sets out the findings and recommendations of a study carried out to explore how individually and through working together the 19 independent museums in the Highland Council area could improve their financial sustainability. It suggests there is potential for a ground-breaking new approach whereby independent museums in the Highlands could co-operate to develop income from new commercial activities focusing on heritage and museums. This new approach could help fund strategic support for independent museums and would allow the Highland independent museum sector to escape from the downward spiral of reducing public funds by putting them in charge of their own futures.*
- b. *Key to this proposal is the suggested creation of a new SCIO (a Scottish Charitable Incorporated Organisation) which would be run on behalf of its member museums. The SCIO would undertake a range of strategic development support activities including collections care and development, audience development, workforce development, promoting sustainability, collaboration and innovation, and tourism development based on Highland heritage and culture. New trading activities undertaken by the trading arm of the SCIO would help generate the funds to finance these activities.*
- c. *HMF members have already indicated that they would be keen to take this key proposal forward. To do this further exploration would be required through more detailed business planning on aspects such as how the new organisation would function, initial funding requirements and estimated earned income. There is the potential to create an exciting future which would allow Highland museums to further develop their central role in heritage, learning and tourism while expanding their financial base.*
- d. *The research for this report was commissioned by the Highland Museums Forum (HMF) in 2017 as part of their “Our collective future” project. The project received funding support from the Heritage Lottery Fund and Museums Galleries Scotland. The research was undertaken by a team of consultants led by Rowan Tree Consulting.*
- e. *“Our collective future” aims to tackle a background of dramatic cuts to local authority funding of independent museums in the Highlands – and the possibility of further cuts to come - which means that many of the museums are facing serious challenges to their financial sustainability unless they can identify means of substantially increasing their income and reducing their costs. This research had two facets:*
 - *a structured audit exercise was carried out with each of the independent museums to identify possible efficiencies and operational improvements*
 - *an overall strategic plan was prepared for the museums as a whole, including an outline fundraising strategy.*
- f. *Recommendations relating to the running of individual museums have been made in detailed reports which have been submitted to the individual museums and are summarised in this report. In general terms, the audit found that, overall, the independent museums were being run very efficiently, with many reliant heavily on*

volunteer input both at board level and for running their day-to-day activities. Despite the low-cost way in which most of the museums were being run, however, only six of them felt that their financial situation was healthy at present, and only one of the nineteen felt that they would be in a healthy financial situation if Highland Council funding were to be cut further.

- g. The museums in the group already have forward plans/development plans which set out their visions for their future development individually, encompassing all areas of activity including collections care and development; audience development and educational outreach; and recruitment, retention and development of volunteers. Some also have proposals for, or aspirations towards, improving, extending, acquiring or finding new premises. The audits undertaken aimed to identify key issues and challenges, to provide advice and support on day-to-day operational issues, and to identify opportunities for collective approaches relating to these key issues.*
- h. Our brief did not encompass assessing the feasibility for individual major capital projects or for developing a strategic plan for capital investment across the sector. Individual capital projects to improve the ways in which individual museums present their collections or to extend the range of services/activities they offer are to be welcomed in principle as they will not only benefit the individual museum concerned but increase the attractiveness of the Highland museum and heritage offer. At a strategic level, the group may want to look at creating a “centre of excellence” network whereby each museum specialises in its own particular subject area/strengths and develops its exhibitions, activities and premises accordingly as part of the Highland network.*
- i. Given the relatively small operational budgets, opportunities for cost-cutting were seen to be limited and primarily involved the possibility of sourcing some goods, services and utilities collectively and thereby reducing costs. In relation to income generation, real opportunities were identified for museums to increase income from activities such as retailing, family history research etc – and by aiming to increase visitor levels, earned income and donations generally. Due to lack of resources, some museums would be likely to struggle to take these ideas forward. However, a collective approach, with resources in place in the shape of staffing and funds, could work well.*
- j. Issues arising from the individual audits which could be addressed collectively are discussed in this report, including priority tasks recommended for the Fundraising Officer and Development Officer posts funded by the project over the period to December 2018, as well as initiatives which could be developed after this initial period.*
- k. For the Fundraising Officer, there is scope for some “quick wins” in terms of generating additional income for museums by providing support and advice to allow them to launch/develop schemes for Gift Aid; “Friends of...”/membership schemes; schemes to encourage legacies and bequests; sponsorship; crowdfunding/social media fundraising; generating better returns from assets and investments; and identifying external funding opportunities/assisting with fundraising applications.*

- l. For the Development Officers, the audit process identified that for many of the museums help is needed in areas such as the following:*
- recruiting/developing/retaining volunteers;*
 - successions planning (volunteers and trustees/directors);*
 - exploring options for providing curatorial support to museums without their own curators;*
 - helping with increasing retail income and exploring the potential for collective purchasing of retail stock;*
 - developing shared education/outreach/audience development programmes (including shared temporary exhibitions);*
 - developing themed “trails” (for example, the Pictish Trail) and regional networks;*
 - exploring opportunities to cut costs through collective purchasing of goods, services and utilities.*
- m. This is an ambitious list and, in the time available, it may only be possible to undertake initial preparatory work for some of these activities. More may be achievable if more resources in the shape of time from the project’s co-ordinator and/or High Life Highland’s Independent Museums Support Officer could be arranged.*
- n. The report provides the context within which the independent museums in the Highlands are working. It also makes recommendations about ways in which the independent museums could work together after the “Our collective future” project. Heritage has been identified nationally as a key sector in tourism development, and Highland museums also have an important role to play in areas such as public participation, audience development, learning, well-being, skills development, volunteering, collaborative working, and developing a global perspective both for people living in Scotland and for visitors to the country.*
- o. This study has identified challenges for the museums in the Highlands in delivering against the vision set out in national strategies, but it also identifies many opportunities for them if support for development can be provided collectively. Opportunities to develop commercial tourism activities could help not only to improve the tourism offer of museums (which fits well with national and regional tourism strategies) but could also help generate income which could support development in the areas of collections care/development and audience development.*
- p. It is therefore recommended that HMF now carries out the work necessary to establish a SCIO which will give the Highland museums a collective, fruitful and more secure future.*

1 INTRODUCTION

1.1 Background

- 1.1.1 The Highland Museums Forum (HMF) was established in 1990 with the aim of being a sector self-help organisation which crossed the public/independent sector boundary and to provide training to assist small museums to gain Registration, now known as Accreditation. By 1996 the Forum was working with the Highland Council (HC) to develop a single Service Level Agreement (SLA) for nineteen independent museums which resulted in financial support from HC.
- 1.1.2 These museums still receive some SLA funding, responsibility for the administration of which was recently transferred from Highland Council to High Life Highland (HLH). SLA funding has been dramatically reduced in recent years; museums which received £14,561 in 2011/12 are expected to receive £6,273 in 2018/19 – a cut of almost 57%, or 64% in real terms. Even at these reduced levels the independent museums have no guarantee that payments under the Service Level Agreement will be maintained, despite their central role in heritage, tourism and education right across the Highland area.
- 1.1.3 This dramatic reduction in funding means that many of the museums are facing serious challenges to their financial sustainability unless they can identify means of substantially increasing their income and reducing their costs – no easy task given that the museums have already been working on cutting costs and increasing income, with some also now relying entirely on voluntary effort to run their operations.
- 1.1.4 In light of these challenges, in May 2017 HMF launched its “Our collective future” project aimed at strengthening the partnerships between independent museums in the Highlands on all levels and at increasing their economic sustainability and future resilience. The project has received financial support from the Heritage Lottery Fund and Museums Galleries Scotland.
- 1.1.5 A key part of the project focused on appointing consultants to provide expertise and advice, including undertaking audits of the various independent museums receiving SLA funding. The aim was to identify possible efficiencies and operational improvements at individual museum level and also to develop an overall strategic plan for the museums as a whole, including an outline fundraising strategy, for their future, economic sustainability. A project team - comprising Helen Smith of Rowan Tree Consulting in Inverness; Sandy Anderson; Steve Callaghan of Eglintoun Consulting; Robert Livingston and Simon Noble of Kirkhill Associates; and Steve Westbrook - was appointed to undertake this work.

1.2 Methodology

- 1.2.1 The first step in the process was to undertake audits of each independent museum participating in the project. A standard audit form was prepared (attached as Appendix Two) which focused on collecting information from each museum on matters including
- governance arrangements

- the input of directors/trustees and volunteers
- the input of staff (where relevant)
- current costs, including on premises, utilities, insurance, security, etc
- current sources of income
- current levels of activity (admissions, outreach/education work, special events etc)
- current issues relating to collections care/management
- forward plans and aspirations
- views on the role that HMF might be able to play in supporting individual independent museums in the future.

1.2.2 The standard audit form approach allowed the team to ensure that a common approach was used to collecting information during the process of auditing each museum. It also allowed the data collected to be gathered and analysed collectively to give an overview of the overall position of the museums audited on the issues being researched. (This overview would be used to inform recommendations to HMF in terms of its future strategic direction, as outlined later in this report.)

1.2.3 The audit process took place over the period September - November 2017, with the audit team using already-existing information (for example, SLA monitoring information, annual accounts from individual museums) to begin the audit process, with visits to each museum then being arranged to “fill in the blanks” and get a direct picture of that particular museum’s current circumstances and challenges. Again, to ensure a consistent approach, a standard audit report template was developed which focused on the following key areas:

1. whether the museum was currently viable and sustainable
2. whether the museum would be viable and sustainable if SLA funding were to be substantially reduced or removed.
3. steps which the museum might take directly to increase its income, reduce its costs, and/or work more closely with or local organisations to improve its viability/sustainability, indicating as appropriate where support from the “Our collective future” project’s Development Officer and/or Fundraising Officer might be required during 2018
4. ways in which the museum might work together collectively with other Highland independent museums, under the banner of the Highland Museums Forum (in its current or re-organised form), to increase their collective incomes, reduce their collective costs, and become more viable/sustainable.

1.2.4 It should be noted that, while any relevant plans and aspirations of individual museums in relation to major future projects were considered during the audit process in terms of the ways in which these might impact on the future operation of the museum, it was not within our brief to assess the feasibility of these.

1.2.5 Over the period November 2017 – March 2018, draft audit reports for each museum were drafted and discussed with individual museums prior to a final version being supplied to it. All nineteen final audit reports were also supplied to the project steering group.

1.2.6 This report looks at the information collected through the audit process on the nineteen museums as a whole and makes recommendations as to how HMF might

play a role in supporting and developing the independent museums sector in the Highlands in future years.

2. STRATEGIC CONTEXT

2.1 Scottish Government

- 2.1.1 At a national level the Scottish Government is committed to completing a new Culture Strategy for Scotland as part of its Programme for 2017-18. The Programme, *A Nation With Ambition*¹, sets out its plans for the year, including for culture and heritage. There is a strong commitment to the heritage sector in the Programme, include continuing to ensure free access for all to Scotland's national museums and galleries and supporting the touring and sharing of items from the national collections around Scotland. There is also a commitment to invest in large scale infrastructure projects such as the V&A Museum of Design in Dundee, the redevelopment of the David Livingstone Centre in Blantyre and the first phase of the development of the National Collections facility at Granton in Edinburgh.
- 2.1.2 Heritage is one of the 13 separate industries the Government has identified as part of the Creative Industries which contribute more than £5 billion to the Scottish economy. The Creative Industries are identified as a growth area in *Scotland's Economic Strategy*² and as such are a focus for Government investment.
- 2.1.3 This support for the sector feeds through into support for strategies such as [*Our Place in Time*](#)³, Scotland's strategy for the historic environment, and Historic Environment Scotland's subsequent *Investment Plan*⁴.
- 2.1.4 The Scottish Government also recognises the contribution of museums more generally, both to community life and to the economy. It supports [Museums Galleries Scotland](#) (MGS), the National Development Body for the Scottish museums sector, which works with the 460 museums and galleries across Scotland that attract around 25 million visitors, generate more than £79 million and sustain more than 3,500 tourism-related jobs each year.

2.2 Museums Galleries Scotland

- 2.2.1 MGS published [Going Further: The National Strategy for Scotland's Museums and Galleries](#) in 2012. The strategy puts forward a single, shared ten year vision for the whole sector:

Scotland's museums and galleries will be ambitious, dynamic and sustainable enterprises: connecting people, places and collections; inspiring, delighting and creating public value.

- 2.2.2 To achieve this it identifies six key aims, each with associated objectives:

AIM ONE

Maximise the potential of our collections and culture.

¹ Scottish Government, 2017

² Scottish Government, 2015

³ Scottish Government, 2014

⁴ Historic Environment Scotland, 2018

Objectives

- a. improve and ensure the long-term sustainability of collections through care and preservation, and responsible acquisition and disposal.
- b. inspire and deliver new forms of audience engagement through research, interpretation and effective use of digital and emerging technologies.

AIM TWO

Strengthen connections between museums, people and places to inspire greater public participation, learning and well-being.

Objectives

- a. increase the impact of museums and galleries on Scotland's learning culture by providing a wider range of experiences for enjoyment, development and learning.
- b. increase cultural participation, maximising the number and range of people who see collections and visit and enjoy museums.
- c. deepen the connections between museums and communities, sharing knowledge and promoting well-being and understanding.

AIM THREE

Empower a diverse workforce to increase their potential for the benefit of the sector and beyond.

Objectives

- a. attract and nurture talent, share and develop the skills and competencies of all parts of the workforce including volunteers, and plan more effectively for succession.
- b. develop leadership to inspire and drive change and foster and promote good governance.

AIM FOUR

Forge a sustainable future for sector organisations and encourage a culture of enterprise.

Objectives

- a. develop efficient and entrepreneurial business practices through enhancing the skills and competencies of museum leaders and staff.
- b. increase the financial sustainability of sector organisations by exploiting a wider range of income sources and new ways of working.
- c. become more environmentally sustainable and responsible.

AIM FIVE

Foster a culture of collaboration, innovation and ambition.

Objectives

- a. encourage innovative and creative ways of developing collections, workforce and enterprises.
- b. develop collaborative approaches to achieve shared ambition, increase impact and enable an agile and adaptable sector to aim higher.

AIM SIX

Develop a global perspective using Scotland's collections and culture.

Objectives

- a. increase the ways in which the sector can share Scotland's collections and culture with visitors to Scotland and people abroad.
- b. promote greater understanding of other cultures through collections.

- 2.2.3 As can be seen from the above aims, the national strategy for museums links with other Scottish Government strategies and emphasises the cultural and social role of museums. The role of a museum is not only in conserving and caring for objects but in engaging new audiences, deepening the links between museums and local communities, promoting an understanding of Scottish and other cultures, and working collaboratively, innovatively and ambitiously to achieve these aims.

2.3 The Highland Council

- 2.3.1 Regionally, the Highland Council has supported 19 of the independent museums in its area through a Service Level Agreement under which they make a payment to each of them. The payment was at a flat rate and designed to allow each museum to employ a full or part time curator and contribute to collection care, exhibition and running costs⁵. This carried on for a number of years, with a monitoring system put in place. More recently, funding has been cut so that a museum which received £14,561 in 2011/12 will receive £6,273 in 2018/19 - a reduction of approaching 60% in cash terms. The Service Level Agreement and monitoring arrangements have not been revised since the funding cuts have been made
- 2.3.2 The Highland Culture Strategic Board (HCSB) was formed in 2007 as a formal sub-committee of the Community Planning Partnership. It is a partnership which aims to provide leadership and coordination in the planning of support for artists, the arts and cultural activity in Highland. The current partners are the Highland Council, Highlands and Islands Enterprise (HIE), Creative Scotland, EventScotland and the Scottish Government, although membership is due to be reviewed at the Board's next meeting. Together the HCSB partnership has agreed a strategy for cultural development in Highland covering the years 2012 - 2020, *Highland Culture: take pride, take part*.
- 2.3.3 The strategy proposes four strategic themes; priorities shared by the HCSB partnership:
- promoting talent and rewarding improvement in innovation and quality.
 - expanding an enterprising and sustainable cultural economy.
 - growing audiences from within and out with the Highland area, and increasing access and participation.
 - encouraging custodianship and interpretation of our place, our living heritage and our built environment.

⁵ Highland Council Cultural and Leisure Services Committee September 1999.

2.3.4 The strategy also identified four cross-cutting themes. These are seen as supporting strands integral to the four main strategic themes and contributing to the achievement of the outcomes.

- infrastructure (physical assets, expertise, programmes and budgets).
- education (access to learning for those within and outwith formal education and continuous professional development for artists and cultural organisations).
- collaboration, partnerships and networking (including the cultural sector working with counterparts in education, health, social services, tourism and the wider business community).
- promoting value and benefits (be able to express and account for contributions made by cultural activity).

2.4 Highland and Islands Enterprise

2.4.1 HIE, as a partner in HCSB, reflects the shared priorities in its operation. It has also published its own policy document, *Ambitious for Culture: optimising the potential of our cultural, heritage and creative assets*. The cultural policy reflects HIE's social remit, but also the Government's Economic Strategy. It aims to ensure that support from HIE is complementary to contributions from other key partners and focused on the best opportunities to bring about economic and social growth.

2.4.2 Through its interventions, HIE's aim is to enable:

- **maximisation of national and regional opportunities** realised through visibility of evidenced opportunities and strong partnerships together with complementary contributions from stakeholders where there is alignment of intent and resources.
- **inward investment**, influenced and leveraged by HIE's own investment, which enables the development of strategic transformational cultural infrastructure projects, both physical and virtual, particularly where those can be realised in fragile areas. Linked to other policy outcomes below, we will deliver enhanced regional attractiveness which supports population retention and growth.
- **partnership working**, together with account management and specialist support, to realise increasing numbers of growth businesses and social enterprises, including collectives of creative individuals, in turn leading to, employment and wealth creation, growth in internationalisation and enhanced economic resilience.
- **cross-sector integration**, strategically aligned with community ambitions, to realise an authentic visitor offer which in turn generates growth of tourism in fragile areas.
- **diversified communities** which are confident and supported to pursue cultural initiatives and programmes which enhance demographics, optimise opportunities and develop skills.
- **community cohesion and confidence**, realised through participation in optimisation of cultural assets, benefits our most remote, rural communities. This in turn makes a direct contribution to resilient rural communities through sustainable cultural and heritage activities, which enable participation, capacity

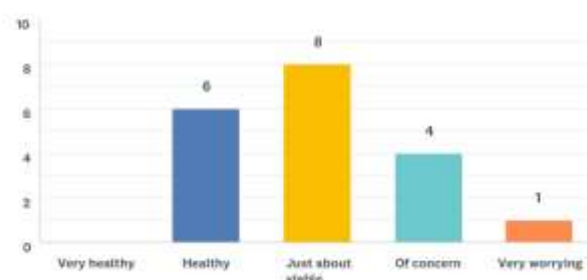
building, enhanced cohesion and community confidence and identity, together with realisation of income streams through cultural activities.

- 2.4.3 HIE currently has a graduate placement exploring how the heritage sector could be supported to grow and maximise its potential. HIE will be reviewing its culture policy in the light of the Scottish Government strategy and the work done through the placement will inform a revised policy.
- 2.4.4 The forthcoming *Culture Strategy for Scotland* in preparation by the Scottish Government will be a stimulus for the review of sectoral and regional strategies to ensure alignment with national priorities. It will be important that the heritage sector plays a part in such reviews and that the voice of the independent museums, which deliver across heritage, education and tourism, is heard.
- 2.4.5 Section 3 below looks at the strategic context for museums in tourism terms.

2.5 Implications for museums

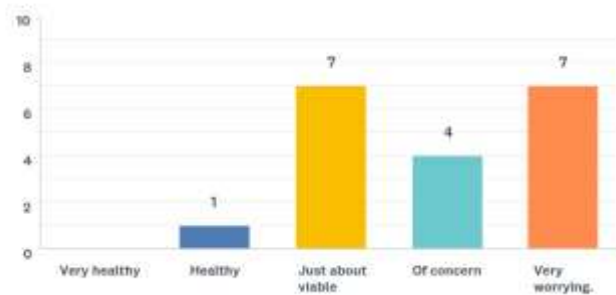
- 2.5.1 The strategic objectives discussed above clearly identify the importance of the heritage sector culturally, socially and economically both at national and regional level, and independent museums, which play an important part in conserving and interpreting the heritage of the Highlands, have the potential to play a key role in helping to deliver these aims. However, the strategic objectives do not sit well with the current reality “on the ground”.
- 2.5.2 Our research has showed that the majority of HMF independent museums in this study are struggling to maintain basic museum services at present with only six of the nineteen museums in the study describing their current financial situation as “healthy”.

Q36 How would you describe the museum's current financial situation (ie with current level of grant support from the Highland Council)?



- 2.5.3 Their extent of their financial vulnerability is highlighted by their view of their financial viability of their relatively small level of grant from the Highland Council were to be removed: only one out of the nineteen felt that its situation would remain healthy, with four saying that their situation would be “of concern” and seven saying it would be “very worrying”.

Q37 Everything else being equal, what will the museum's financial situation be if its Highland Council grant is withdrawn?



- 2.5.4 Lack of financial resources means that the majority of the museums in the group have no day-to-day curatorial input, which often severely curtails their capacity to develop their collections and undertake audience development work. Opportunities to access funding for new projects may be missed due to lack of staff resource, and expenditure on the marketing - traditional and digital – which could help boost visitor numbers has also been squeezed.
- 2.5.5 The Highland Museums Forum has a key role to play in lobbying for additional support from the public sector nationally and locally to enable the museums to play their part in helping achieve strategic developments relating to heritage and culture. The need for targeted and pro-active support for the museums in this study is clear. However, public sector financial resources are under pressure and support for museums is unlikely to increase for the foreseeable future. Looking at new ways of providing support – practical and financial – should therefore be seen as a priority.
- 2.5.6 As part of our research process, we looked at approaches taken by other groupings of museums in Scotland, the wider UK and, in one case, in Canada to see if any lessons could be learned from these. Our investigations suggest, however, that HMF is currently one of the most advanced museum groupings in terms of the support and range of activities which it provides for its members and that developing its role further will, in effect, mean breaking new ground. Please see Appendix Three for details of other groupings examined.

3 STRATEGIC CONTEXT – HERITAGE AND TOURISM

3.1 Museums and tourism

- 3.1.1 As mentioned in Section 2 above, museums are important not only in conserving and interpreting heritage; they are also regarded as key elements in a number of national and regional strategies in the wider fields of social, cultural and economic development.
- 3.1.2 In tourism terms, although an interest in heritage or museums may not always be the key motivating reason for a visit to an area, it is likely to have played a part in motivating visitors – particularly those from overseas. The Scotland Visitor Survey 2015-2016⁶ found that:
- 33% of visitors mentioned history and culture as one of the motivations for their visit to Scotland. The most commonly-cited motivator was scenery and landscape. 9% mentioned their Scottish ancestry as a motivator.
 - overseas visitors (51% of Europeans and 53% of long-haul visitors) were more likely to cite history and culture as a motivator for their visit to Scotland than residents from other parts of the UK (26%).
- 3.1.3 The Highlands tend to attract a slightly higher proportion of visitors who say they have been motivated to visit due to an interest in history and culture - 55% of visitors surveyed in the Highlands as part of the Scotland Visitor Survey mentioned history and culture as a motivation for their visit. However, in the Highlands also, scenery and landscape are the most commonly cited motivation (mentioned by 87% of respondents).
- 3.1.4 In marketing terms, these Scotland Visitor Survey statistics show the importance, if visitor numbers are to be maximised, of promoting museums not only to visitors interested in history and culture but to a wider audience.
- 3.1.5 The Scotland Visitor Survey underlined the role of museums as visitor attractions. 45% of those surveyed said that they had visited a museum or gallery during their visit. This compared with 74% who said that they had gone sightseeing, 60% who said that they had visited historic house/stately home/castle, 46% who said that they had visited a church/cathedral, and 35% who said that they had visited a visitor/heritage centre. The HMF's own *Visitor Survey Report*⁷ of 2012 also showed the broader appeal of museums: although only a relatively small proportion of those surveyed (23%) said that they were interested in history and heritage, a much higher proportion (88%) said that they felt visiting a museum or heritage centre was very important or important to them.
- 3.1.6 History and heritage are clearly part an integral part of Scotland's tourism offer, and, in the Highlands as in the rest of the country, they are places where visitors can go either because they are interested in history and heritage, because they want to find out

⁶ <http://www.visitscotland.org/pdf/ShortVersionScotlandVisitorSurvey2015-16-250417.pdf>

⁷ Highland Museum Forum Visitors Survey 2012: Data Analysis, Prepared for the Highland Museums Forum by HI-Arts, December 2012

more about the local community/way of life (in other words, the interest in “authentic experiences” identified by VisitScotland⁸) or simply because they are looking for places to visit and enjoy with their family and friends. Their role as wet-weather alternatives to outdoor sightseeing and activities – especially in the Highlands - is also important.

- 3.1.7 Understanding visitor trends and demands, and positioning museums effectively, through targeted marketing and public relations, as places which can meet these demands will be important in helping ensure that the museums in this study group can maximise their visitor numbers. (We recognise that some museums are already operating at capacity at peak times, but all have at least some potential to increase their overall visitor numbers with resulting knock-on benefits for income generation and improved financial sustainability.) However, particularly in the current context of reduced staffing and marketing resources in individual museums, growth in visitor numbers is unlikely to be achieved across the board unless HMF can develop a capacity to provide central specialist marketing and public relations support along with the financial resources needed to implement marketing and PR campaigns.

3.2 Scottish tourism trends

- 3.2.1 At Scottish level, the heritage and culture sector, which includes museums, has been identified as a key sector for growth. Research, commissioned by MGS from the Moffat Centre for Travel and Tourism Business showed that the importance of the museums and galleries sector to Scotland’s tourism and visitor economy is substantial; *The Visitor Attraction Monitor Report for Scottish Museums and Galleries 2014* indicated that museums and galleries accounted for 42% of visits to Scottish visitor attractions that year.⁹
- 3.2.2 Tourism in Scotland is currently showing growth in most, although not all, sectors. According to VisitScotland¹⁰, in 2016:
- a. **GB (domestic) visitors:** tourism day visits in Scotland showed a large increase on 2015 figures. Domestic day visits in 2016 reached over 142 million, a growth of 14.5%. Day visit spend increased by 23.5% to £4.9billion in 2016. However, GB resident overnight visits decreased in both volume and value in 2016. England was Scotland’s largest domestic market in 2016.
 - b. **International inbound visits** performed strongly in 2016, increasing by 6% on visitor numbers in 2015. International inbound spend also showed increases of 9.1%. The largest increases were seen in the VFR (visiting friends and relatives) market which grew by 30% in 2016. North American visitors showed the largest increase, with visitors from USA increasing by 10% and visitors from Canada increasing by 52%. (In 2016, the USA was Scotland’s largest international market.) However, countries within the EU15 (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland,

⁸ [http://www.visitscotland.org/pdf/Insights%20-%20Trends%202017\(2\).pdf](http://www.visitscotland.org/pdf/Insights%20-%20Trends%202017(2).pdf) (Accessed 23rd March 2018)

⁹ <https://www.museumsgallerysscotland.org.uk/media/1095/realising-the-vision-delivery-plan.pdf> (Accessed 18th October 2017)

¹⁰ http://www.visitscotland.org/pdf/Tourism_in_Scotland_2016.pdf (Accessed 27th October 2017)

Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom) showed a decrease in 2016 compared to 2015.

3.2.3 Full-year figures for 2017 are not yet available. However, statistics for the first three quarters¹¹ of the year show that:

- there were 8.3 million trips and £2.2 billion spend by GB residents taking overnight visits to Scotland. (For year to September, domestic tourism to GB as a whole recorded a drop of 1.0% in trips but spend increased by 1.9%).
- overnight trips by GB residents for holiday purposes increased by 8.5% compared to the January to September 2016 period. Expenditure increased by £163 million (12.7%) to £1.5 billion over the same period.
- The VFR (visiting friends and relatives) market declined by 10.2% (trips) and by 11.4% (spend) compared to the first nine months of 2016.
- tourism day visits to Scotland continued to increase in volume and value in the year to September. 115 million day trips were taken in the first nine months of 2017, generating £4.6 billion, an increase on both 2015 and 2016.
- international inbound markets to Scotland for the year to September increased by 15% in terms of trips and by 18% in expenditure. European travellers, which had seen a decline in the first nine months of 2016 recovered in the same period for 2017 by 18%, with EU15 trips increasing by 23%.

3.2.4 The weakness of sterling is likely to be a main factor in the growth which has been seen in the last two-three years. Although Scotland is currently performing relatively well, the global tourism market is very competitive and subject to the impact of a wide range of factors which can have a tangible effect (upwards or downwards) on the number of visitors who come here and the amount of money they spend.

3.2.5 Recent tourism statistics are relevant to HMF and its individual members, particularly in terms of tourism “product development” or marketing, in that:

- there seems to be a growth of “staycations” and day-trips amongst visitors from the UK, while the numbers of people staying away from home overnight appear to be declining. In Highland terms, where the day trip market for museums will be smaller due to smaller local populations, there will be a need to market museums more actively to people living within their day-trip catchment area to offset this effect.
- The US market is important, and visits from the USA and Canada are increasing. Developing and promoting “dark tourism” and ancestral tourism offerings in museums (see below) may be particularly effective in attracting North American visitors.

3.3 HMF visitor trends

3.3.1 During the audit process, it became very apparent that different museums record their annual admissions figures in very different ways. For example, some museums include figures (often estimated) which include entries to adjacent

¹¹ <http://www.visitscotland.org/pdf/2017-Q3-Stats-Summary.pdf> (Accessed 30th March 2018)

buildings or external areas which are not part of the museum itself. In addition, some free entry museums calculate admissions based on everyone who enters the premises and so people who, for example, enter only to use the café, buy something, use the toilets or ask for visitor information are all counted as museum visitors even if they don't actually enter the museum exhibition areas. (In some cases, the actual admissions to the museum part of the premises are only a very small proportion of the figures which have been quoted for some years.) For this reason, the absolute figures shown in this section have to be treated with a great deal of caution. However, we consider that analysis of trends is still helpful as most individual museums have been calculating their figures in the same way each year.

- 3.3.2 It should also be noted that not all visitors to museums are visitors (ie visitors staying away from home or on day trips): a proportion will be people living locally. Most museums in the study do not currently break their admissions down into visitors and local residents. However, during the audit process, we had anecdotal information indicating that the majority of admissions are non-local, and it therefore seems reasonable to use total admissions as a rough tool for tourism analysis. Trends in total admissions year-on-year are also a useful tool in their own right in terms of looking at how museums are performing in terms of their overall audience.

- 3.3.3 The table below shows visitor admission patterns between 2012 and 2016.

Admissions 2012-2016										
Museum	2012	2013	+/-	2014	+/-	2015	+/-	2016	+/-	2012-2016 +/-
Grantown Museum	3,499	4,161	18.9%	9,994	58.37%	8,863	-12.8%	9,245	4.3%	164.2%
Strathnaver Museum	3,068	3,185	3.8%	3,399	6.30%	4,109	17.3%	5,009	21.9%	63.3%
Timespan	11,090	11,138	0.4%	11,965	6.91%	13,796	13.3%	16,092	16.6%	45.1%
Glenfinnan Station Museum (Free admission)	12,889	14,165	9.9%	15,214	6.89%	16,970	10.3%	18,688	10.1%	45.0%
Gairloch Heritage Museum	4,338	4,838	11.5%	5,713	15.32%	5,996	4.7%	6,268	4.5%	44.5%
Cromarty Courthouse Museum (Free admission)	5,618	4,584	18.4%	6,892	33.49%	6,049	-13.9%	7,684	27.0%	36.8%
West Highland Museum (Free admission)	36,382	44,985	23.6%	46,475	3.21%	45,566	-2.0%	48,788	7.1%	34.1%
Dunbeath Heritage Centre/Museum	5,539	5,662	2.2%	6,638	14.70%	6,541	-1.5%	7,127	9.0%	28.7%
Glencoe Folk Museum	4,026	3,152	21.7%	4,506	30.05%	4,135	-9.0%	5,160	24.8%	28.2%
Tain & District Museum	6,366	7,062	10.9%	7,757	8.96%	7,738	-0.2%	7,918	2.3%	24.4%
Mallaig Heritage Centre	6,127	5,830	-4.8%	6,579	11.38%	6,224	-5.7%	7,205	15.8%	17.6%
Dingwall Museum (Free admission)	4,357	4,709	8.1%	4,221	11.56%	3,456	-22.1%	4,568	32.2%	4.8%
Groam House Museum (Free admission)	5,773	5,629	-2.5%	5,693	1.12%	5,765	1.2%	5,798	0.6%	0.4%
Nairn Museum	6,763	6,502	-3.9%	5,231	24.30%	5,096	-2.6%	6,585	29.2%	-2.6%
Caithness Horizons	74,368	72,347	-2.7%	77,941	7.18%	67,796	-15.0%	70,698	4.3%	-4.9%
Tarbat Discovery Centre	3,582	2,921	18.5%	3,276	10.84%	3,703	11.5%	2,984	19.4%	-16.7%
Ullapool Museum and Visitor Centre	9,933	1,674	83.1%	8,598	80.53%	8,982	4.3%	7,602	15.4%	-23.5%
Historylinks	5,253	4,254	19.0%	4,096	-3.86%	3,545	-15.5%	3,570	0.7%	-32.0%
Highland Museum of Childhood	6,614	7,141	8.0%	5,222	36.75%	5,654	7.6%	4,483	20.7%	-32.2%
TOTAL	215,585	213,939	-0.8%	239,410	10.64%	229,984	-4.1%	245,472	6.7%	13.9%

Above
average
group
rise

Below
average
group
rise

- 3.3.4 As a whole, the group saw admissions increase by an average of 13.9% between 2012 and 2016. However, as can be seen in the table, the performances of individual museums varied widely - from an increase of 164.2% to a decrease of 32.2% - and a total of six museums out of the nineteen saw a net fall in admissions –in some cases quite dramatically - over the period in question.
- 3.3.5 Comparing the figures above with the corresponding figures for ASVA visitor attractions (all sectors) in Scotland between 2012 and 2016 indicates that the museums in the study group suffered decreases in 2013 and 2015 whereas ASVA members saw growth. On the other hand, the Highland museums seemed to fare better in 2014 and, marginally, in 2016. Overall, the average increase of 13.9% seen across the study group between 2012 and 2016 was slightly lower than the increase (16%) seen in the ASVA group. Again, these figures have to be regarded with caution due for the reasons stated above and also because there may be differences in the methodology applied by ASVA to the collection of their statistics. However, the headline variations do provide food for thought both for the study group as a whole and for individual museums.

	2013	2014	2015	2016	2012 -2016
HMF Study group average increase/decrease	-0.8%	10.6%	-4.1%	6.7%	13.9%
ASVA (all attractions – Scotland)¹²	1%	6%	3%	6%	16%

- 3.3.6 Looking at visitor figures for 2017, ASVA has reported¹³ that admissions across Scotland were up almost 10% overall on the previous year, with visits to museums and galleries up 7.5%, and visits to castles and heritage sites up 14.7%. The Highlands were reported as having fared well, with the growing popularity of the NC500 thought to account for much of the increase – Inverewe Gardens was reported to have experienced an increase of 110% in visitors. It was also reported that the “Outlander” effect continued to benefit many sites featuring in the cult TV series, as well as others with Jacobite connections, in 2017 with large increases in visitor numbers recorded at attractions including sites in the Highlands such as NTS Culloden Battlefield (up by 28%), and NTS Glenfinnan (up by 58%).¹⁴ However, as the table below shows, it does not appear that this growth was experienced across the majority of the museums in the study group.
- 3.3.7 The table below shows changes in admissions amongst the study group over the 2016-2017 period. As can be seen, nine of the museums saw their admissions rise in 2017, but only six of these showed an increase of more than the ASVA national average of almost 10%, while ten museums recorded decreases and, again, some of these

¹² Figures gathered from various archives press releases.

¹³ <https://www.insider.co.uk/news/scottish-tourist-attractions-top-10-12051647> Accessed 29th March 2018

¹⁴ <http://mediacentre.visitscotland.org/pressreleases/scottish-visitor-attractions-record-a-bumper-year-in-2017-2422449> Accessed 29th March 2018

decreases were quite substantial. The drop in visitors to Caithness Horizons is particularly significant, and, because of the numbers involved, this reduction has also created a knock-on skewing effect in terms of the average percentage change in admissions for the group as a whole to the extent that showing an average percentage change figure for the group as the whole would not be helpful.

Admissions 2016-2017			
Museum	2016	2017	+/-
Historylinks	3,570	5,027	40.8%
Highland Museum of Childhood	4,483	5,963	33.0%
Tarbat Discovery Centre	2,984	3,557	19.2%
Dunbeath Heritage Centre/Museum	7,127	8,085	13.4%
West Highland Museum (Free admission)	48,788	55,013	12.8%
Gairloch Heritage Museum	6,268	6,903	10.1%
Glenfinnan Station Museum (Free admission)	18,688	19,800	6.0%
Groam House Museum (Free admission)	5,798	5,934	2.3%
Dingwall Museum (Free admission)	4,568	4,611	0.9%
Tain & District Museum	7,918	7,842	-1.0%
Mallaig Heritage Centre	7,205	7,090	-1.6%
Glencoe Folk Museum	5,160	5,046	-2.2%
Ullapool Museum and Visitor Centre	7,602	7,381	-2.9%
Strathnaver Museum	5,009	4,706	-6.0%
Grantown Museum	9,245	8,405	-9.1%
Timespan	16,092	14,441	-10.3%
Cromarty Courthouse Museum (Free admission)	7,684	6,006	-21.8%
Nairn Museum	6,585	4,595	-30.2%
Caithness Horizons	70,698	32,550	-117.2%

- 3.3.8 Although comparisons with statistics produced by organisations such as ASVA need to be treated with caution, benchmarking the performance of Highland museums against national visitor attraction trends may nonetheless be a useful tool in assessing how the Highland museum sector is performing in future years as part of a wider product development and marketing strategy.
- 3.3.9 For interest, we have also shown below a table showing admission trends over the 2012-2017 period. Again, the large drop in Caithness Horizons admissions means that showing an average percentage change figure for the group as the whole would not be helpful.

Admissions 2012-2017			
Museum	2012	2017	2012-2017 +/- (total)
Grantown Museum	3,499	8,405	140.2%
Gairloch Heritage Museum	4,338	6,903	59.1%
Glenfinnan Station Museum (Free admission)	12,889	19,800	53.6%
Strathnaver Museum	3,068	4,706	53.4%
West Highland Museum (Free admission)	36,382	55,013	51.2%
Dunbeath Heritage Centre/Museum	5,539	8,085	46.0%
Timespan	11,090	14,441	30.2%
Glencoe Folk Museum	4,026	5,046	25.3%
Tain & District Museum	6,366	7,842	23.2%
Mallaig Heritage Centre	6,127	7,090	15.7%
Cromarty Courthouse Museum (Free admission)	5,618	6,006	6.9%
Dingwall Museum (Free admission)	4,357	4,611	5.8%
Groam House Museum (Free admission)	5,773	5,934	2.8%
Tarbat Discovery Centre	3,582	3,557	-0.7%
Historylinks	5,253	5,027	-4.3%
Highland Museum of Childhood	6,614	5,963	-9.8%
Ullapool Museum and Visitor Centre	9,933	7,381	-25.7%
Nairn Museum	6,763	4,595	-32.1%
Caithness Horizons	74,368	32,550	-56.2%

3.3.10 In general terms, the picture regarding recent trends in visitor numbers in the study group over the 2012-2017 period is quite complex. On the one hand, some museums have seen quite remarkable growth. However, on the other hand, at a time when the museums/galleries sector and visitor attractions generally in Scotland have been experiencing growth, a significant number of museums in the study group appear not to be achieving the same growth or, in some cases, have actually seen a net fall in admissions -

3.3.11 Looking first at possible geographical factors, the picture overall is patchy but there are some local patterns.

- **Museums in Lochaber** – the West Highland Museum, Glenfinnan Station Museum, Glencoe Folk Museum and Mallaig Heritage Centre - seem to be doing very well (probably in part due to the *Outlander*/dark tourism effect - see below). The West Highland Museum, Glenfinnan Station Museum and Mallaig Heritage Centre may also be benefiting from their proximity to the popular West Highland Railway Line which is a visitor attraction in its own right and which also draws visitors interested in its use as a location for the *Harry Potter* series of films. Their location on one of the main routes to the highly-popular Isle of Skye may also be a factor.
- **Museums on the NC500 route** – because promotion of this route only began in 2015, the 2012-2017 trends are not helpful in assessing the impact on museums along the route. An analysis of more recent figures is shown at section 3.7 below but in general terms, the analysis indicates that while some museums along the route have benefitted, others have not.

- **Inner Moray Firth area** – museums in this area seem to be performing less well than might be expected, particularly given their proximity to the larger resident populations clustered in this part of the Highland Council area and to the high levels of tourism activity centred on the Inverness/Loch Ness area. Opportunities to tap into the growing cruise line business at Invergordon may also exist (see below). Although gaining full access to these markets will require a longer-term strategic approach, it may be possible to take initial steps towards this during the “Our collective future” project.

3.3.12 Other (non-geographic) factors which are likely to be relevant include:

- **The “Outlander”/“dark tourism” effect.** As mentioned above, Glenfinnan Station, the West Highland Museum and the Glencoe Folk Museum may all have benefitted from the “Outlander”/“dark tourism” effect although the free admission policy at the West Highland Museum (and at Glenfinnan, where admission is free except when trains are in the station) may also have played a role, as may their proximity to the West Highland Line.
- **Visitor information services.** Grantown Museum experienced a huge increase in visitors when the VisitScotland tourist information services was co-located within the museum in 2014. Although this partnership arrangement has now ended, the museum still has brown “i” road signage which may be helping to draw visitors to the museum and contributing towards holding visitor admissions above pre-2014 levels. It should be noted that Grantown also invested in a new permanent exhibition in 2015 which may also have helped increase visitor numbers. The current VisitScotland “I-know” scheme may not generate the same levels of visitor numbers but should still be considered by museums not already participating in it.
- **Brown tourism signposting.** Following on from the above point about the potential positive effect of brown “i” signposting at Grantown Museum, it would be worth reviewing the current arrangements for brown tourism signposting (either naming the museum or indicating that visitor information is available in the museum) at all the museums in the study group. Although this kind of signage is intended to be for directional rather than marketing purposes¹⁵ and no recent research appears to have been carried out in the UK to assess their role in attracting visitors, there is anecdotal evidence in Scotland that brown signage is effective in attracting visitors. Research carried out in Australia in 2016¹⁶ appears to support this view, with over a third of consumers surveyed saying that they had being prompted by signs to visit an attraction. In situations where museums do not already have brown signposting and where they may not meet the criteria for - or be able to meet the fairly substantial costs of - acquiring this kind of signage, consideration could be given to considering other kinds of new signage which might be effective, including sandwich boards, inclusion on local pedestrian signposting if this is not already in existence, and prominent signage on the exterior of museum premises. Museums who already have brown signage might also wish to consider whether their current signposting arrangements (brown signage and other forms of signage) could be improved. (Note: this may be an area for Ullapool Museum in particular to explore – see comments in NC500 section below.)

¹⁵ <http://www.visitscotland.org/pdf/Brown-Signpost-Guide-April2016.pdf>

¹⁶ <http://www.lgnsw.org.au/files/imce-uploads/166/Peter%20Lipman.pdf>

- **Free admission v chargeable admission.** Glenfinnan Station Museum and the West Highland Museum, which both offer free admission (although the former charges at peak times), have seen considerable growth. However, other free-entry museums in the group have seen increases below national trends.
- **Marketing spend.** Most museums are currently allocating only relatively small amounts of money and time (staff and/or volunteer) to marketing and PR. Only two said that they were spending more than £1,500 per year, and many were spending considerably less. Analysis of visitor admissions trends and marketing spend suggests that there is little or no correlation between current marketing spend and performance in terms of visitor admissions at individual museums. This may be because the majority of museums are spending so little on marketing that it has little or no effect but it may also be because, in some cases where the spend is higher, that available funds are not being directed in the most effective ways.

3.3.13 Although most museums are keen to see their visitor numbers increase – with resulting benefits in terms of revenue generation – some museums are restricted in the numbers of visitors they can cater for, perhaps because of the size/layout of their premises or perhaps because a limited pool of volunteers restricts their capacity to extend their opening hours or opening season. Each museum needs to set its own targets for visitor admissions in light of its own capacity to cater for increases.

3.3.14 In general terms, however, there seems to be scope to grow visitor admissions overall to more closely match regional, and perhaps national, trends. The Heritage Tourism Group's *People Make Heritage – Heritage Tourism 2020 Strategy* aims “by 2020 to grow actual heritage tourism expenditure in Scotland from £1.34bn in 2013 to £1.7bn – £1.95bn by broadening the appeal of heritage experiences to new and existing markets” and sees this being achieved by making Scotland “a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people”.¹⁷ (The Heritage Tourism Group comprises the Historic Houses Association, Historic Environment Scotland, the National Trust for Scotland, Scottish Ancestral Tourism Group, Scottish Enterprise, and VisitScotland.) Highland independent museums are already tapping in to this market to varying degrees but there could be potential to grow the share by “broadening their appeal” further, looking at how to attract new markets, and providing high-quality “memorable customer experiences”.

3.3.15 The next section looks at some specific tourism markets which have been identified as key areas for growth at national or regional level and which are relevant to museums.

3.4 Dark tourism

3.4.1 VisitScotland, the organisation charged with marketing Scotland as a tourism destination, also sees cultural heritage, and in particular, Scotland's “dark” history, as one of the main drivers of interest, especially for international visitors to Scotland. Its *2017 Trends* briefing paper says:

¹⁷ <http://scottishtourismalliance.co.uk/uploads/mixture/People%20Make%20Heritage%20-%20Heritage%20Tourism%202020%20Strategy.pdf> (Accessed 17th October 2017)

“From William Wallace’s battles at Stirling and Falkirk, Robert the Bruce and the Battle of Bannockburn, or even Culloden, Scotland’s tourism product is based in part on these events, and consumers are very attracted to our history. It is becoming evident that consumers are becoming more and more interested in the past, with shows such as *Downton Abbey*, *Game of Thrones*, and *Outlander*. The attraction of the past is driving consumers.... Ultimately, there is an appetite from consumers to understand more about the destination.”¹⁸

- 3.4.2 Independent museums in the Highlands are ideally placed to benefit from this interest in cultural heritage generally. Moreover, many have collections relating to the Jacobites, Highland clans, the Highland Clearances etc which are of great potential appeal to visitors interested by Highland “dark tourism” and/or by popular films and TV series linked with the Highlands.
- 3.4.3 Although some museums may be able to successfully develop their offer to target this market individually, developing the “dark tourism” offer across the Highland independent museums sector – and promoting them to potential customers – is likely to need a central development and marketing strategy which a revamped HMF could well plan and deliver for its members

3.5 Authentic experiences

- 3.5.1 VisitScotland’s *Insight Department: Trends 2017* ¹⁹identifies various opportunities for developing markets related to “cultural noir” tourism, focusing on the idea of offering visitors authentic experiences of local heritage which go beyond the traditional heritage tourism/museum offering. The document stresses, for example:
 - the importance of storytelling/local knowledge
 - opportunities to offer walking tours based around folklore/fiction writing.
- 3.5.2 The concept of providing authentic experiences goes beyond the sphere of dark tourism to encompass different aspects of life in Scotland. For example, VisitScotland and Airbnb have recently launched a new tourism initiative in Edinburgh to give visitors more “authentic experiences” of Scotland. ²⁰ The “Experiences” collaboration “will allow Airbnb users to look at recommendations from local experts such as kayaking among Scottish wildlife, making shortbread with a professional baker, and learning to cook with a top food blogger.
- 3.5.3 This kind of visitor experience is not a million miles away from what some museums in the Highlands are already offering or from the range of skills which local museums may be able to call upon. Museums could offer all sorts of “authentic experiences” ranging from activities based on items in their collections (cooking, weaving, spinning, aspects of farming and crofting) or expert insights into the past and current way of life in the local community, conveyed via guided walks and talks etc. Linkages

¹⁸ [http://www.visitscotland.org/pdf/Insights%20-%20Trends%202017\(2\).pdf](http://www.visitscotland.org/pdf/Insights%20-%20Trends%202017(2).pdf) (Accessed 17th October 2017)

¹⁹ [http://www.visitscotland.org/pdf/Insights%20-%20Trends%202017\(2\).pdf](http://www.visitscotland.org/pdf/Insights%20-%20Trends%202017(2).pdf) (Accessed 23rd March 2018)

²⁰ <https://www.scotsman.com/news/airbnb-launches-edinburgh-experiences-campaign-1-4709646>

could be made with local Airbnb accommodation providers or other tourism operators to promote these experiences to visitors making accommodation bookings.

- 3.5.4 Again, developing the “authentic experiences” offer across the Highland independent museums sector – and promoting them to potential customers – is likely to need a central development and marketing strategy which a revamped HMF could well plan and deliver for its members.

3.6 Ancestral tourism

- 3.6.1 Ancestral tourism is another area which offers potential growth for museums in the Highlands. According to research²¹, there are 50 million people worldwide who claim Scottish ancestry, with 10 million of these interested in researching their Scottish roots. In 2013, it was estimated that this market was likely to expand greatly – from 800,000 visits to 4.3 million in 2018.

- 3.6.2 The ancestral tourism market is of particular interest because ancestral tourism visitors tend to spend more, stay longer and visit off-peak. Their aims when in Scotland are to:

- find out as much about their Scottish ancestors as possible
- get a unique insight into how their ancestors lived
- connect with other people, including family members and local people
- connect with Scottish identity and national pride.

All of these aims are areas where local museums could potentially play an important role, but research indicates that the numbers of ancestral tourism visitors visiting museums is actually quite low – 31% said that they had visited a museum/art gallery during their visit to Scotland but none (or not enough to register in the report) quoted museums as a source for research during their visit (even though 46% said that they had visited local areas associated with their ancestors).

- 3.6.3 There undoubtedly appear to be opportunities to promote and formalise the assistance which many museums already provide with genealogical research and, more generally, by making Highland museums “must-visit” stops on the touring itineraries of ancestral tourism visitors by promoting the ways in which their collections and staff/volunteers can meet the aims of ancestral tourism visitors. There is scope for a strategic approach to training and marketing – including, perhaps, a Highland-wide quality-assured genealogy service and common scale of fees, which a relaunched HMF could take the lead. Income generation opportunities could include chargeable research (which many museums offer but where the approach to charging may not be commercial enough), income from sale of copies of archive photographs (online or on-site), and the offering of guided tours to places (crofts, churchyards etc) linked with the visitor’s ancestors.

²¹ Ancestral Tourism in Scotland, Tourism Intelligence Scotland, 2013

3.7 Cruise liner market

- 3.7.1 According to Cruise Scotland (the marketing organisation which promotes Scottish ports to the cruise line industry)²², the cruise line industry is estimated to be worth almost £100 million annually to the Scottish economy. 2017 was a record year for cruise line activity in Scotland with a total of 761 vessels visited and almost 680,600 passengers visiting Scottish ports, and the market is expected to continue to grow: as at March 2018, 815 vessels and around 821,000 passengers were expected to visit Scottish ports in 2018.
- 3.7.2 In the Highland Council area, the deepwater Port of Cromarty Firth (where large cruise liners can berth alongside), attracts the majority of the area's cruise line business and is reported to be looking forward to another record-breaking year – an estimated 92 cruise ships carrying 170,000 passengers are expected during 2018, equating to an 11% increase on 2017 levels, which were, in turn, up 54% on the previous year. Other smaller ports and harbours around the Highlands also attract visits from cruise liners to varying extents – Ullapool, Scrabster, Portree, Inverness and Fort William are all members of Cruise Scotland, while communities such as Ullapool and Raasay are also keen to increase their share of the market.
- 3.7.3 Many of the museums in this study are within reach of day excursions from cruise liners visiting Highland ports. However, tapping into the market will require an understanding of the way in which excursions from harbours are put together and sold to passengers, joint working with harbour staff marketing their ports, ground handlers and, potentially, with other visitor attractions targeting the market (by, for example, developing themed itineraries which can be promoted to cruise line passengers). The potential to offer “authentic experiences” (see above) to cruise line passengers should also be borne in mind.
- 3.7.4 While it is possible for individual museums to target the cruise line market individually, a co-ordinated approach is likely to be more effective. Again, this is an area where a revamped HMF could potentially play an important development and co-ordination role on behalf of its members.

3.8 North Coast 500 (NC500)

- 3.8.1 This new initiative is undoubtedly bringing new custom to the communities along its route, although the exact scale and nature of its impact has not yet been clearly identified.
- 3.8.2 A study commissioned by Highlands and Islands Enterprise to establish a baseline by looking at the impact the route had had in 2016²³ suggested that: “While there is

²² <http://www.cruisescotland.com/more-cruise-vessels> (Accessed 30th March 2018)

²³ North Coast 500 Economic Baseline Study, June 2017, prepared for Highlands and Islands Enterprise by the University of Glasgow's Training and Employment Research Unit

limited 2016 data to evidence the Year 1 impact, the indications are that the NC500 has had a very positive impact on visitor numbers to the North Highlands. For example, between 2015 and 2016:

- the four VisitScotland i-Centres along the NC500 experienced an average 26% increase in use, compared to a 6% increase across the Highlands' iCentres.
- the research's 15 business interviews along the NC500 identified a 15%-20% increase in trade in 2016.
- the NC500 Business Survey data indicates a 10%-20% increase in business trade in 2016, with an anticipated increase of 200 jobs in 2017 across the businesses responding to the survey.

3.8.3 The study concluded that, collectively, these indicators pointed towards a 10%-20% increase in trade among North Highlands tourism businesses which, set against early indications that tourism levels across the Highlands (and Scotland) had increased by 5%, meant the NC500's additional impact in terms of visitor numbers to the North Highlands between 2015 and 2016 was in the region of 5% to 15%.

3.8.4 In rough terms, this should mean that visitor attraction, including museums, along the NC500 route would have seen an increase of between 10% and 20 % in visitor numbers in 2016. However, looking at the visitor figures for the thirteen museums in this study which are located on or near the NC500 route (see table below), only four saw increases over 10% in 2016, a further five saw increases of less than 10%, and three saw their visitor admissions decrease. The average increase in visitors to museums on or near the route was 4.5%.

Admissions 2015-2016			
Museum	2015	2016	+/-
Dingwall Museum (<i>Free admission</i>)	3,456	4,568	24.3%
Cromarty Courthouse Museum (<i>Free admission</i>)	6,049	7,684	21.3%
Strathnaver Museum	4,109	5,009	18.0%
Timespan	13,796	16,092	14.3%
Dunbeath Heritage Centre/Museum	6,541	7,127	8.2%
Gairloch Heritage Museum	5,996	6,268	4.3%
Caithness Horizons	67,796	70,698	4.1%
Tain & District Museum	7,738	7,918	2.3%
Historylinks	3,545	3,570	0.7%
Groam House Museum (<i>Free admission</i>)	5,765	5,798	0.6%
Ullapool Museum and Visitor Centre	8,982	7,602	-18.2%
Tarbat Discovery Centre	3,703	2,984	-24.1%
Highland Museum of Childhood	5,654	4,483	-26.1%
TOTAL	143,130	149,801	4.5%

- 3.8.5 Again, the figures need to be treated with some caution, partly because of different approaches to collection admission figures, partly because of the low sample size of HIE's baseline study, partly because some of the museums above are situated off the main NC500 route, and partly because the real impact of the NC500 is likely to be seen from seasons 2017 onwards. However, the 2015-2016 statistics are interesting in suggesting that, while some museums seem to be benefitting from NC500 business, others are not. It would be useful to carry out a further benchmarking of museum performance when further information about general visitor attraction performance along the route becomes available.
- 3.8.6. Developing an approach which will generate higher levels of visits from people touring the NC500 could be another area where a revamped HMF could play an important role. The potential exists to market museums to these visitors both directly and by working with strategic partners, including NC500 Ltd, which promotes the route to the public. At the time of writing this report, for example, some of the museums along the route are not included in the "History, Heritage, Archaeology" itinerary promoted on the NC500 website²⁴ (presumably because they have not joined the NC500 membership scheme).
- 3.8.7 Improved signage from the NC500 to individual museums may also help and should be considered - for example, Ullapool Museum, which is located just a hundred metres or so from the main NC500 route, is signposted (brown sign) at the entry to the village but has no signage at the junction of the main road and the side road where the museum is located. As discussed in Section 3.3 above, we suggest that all museums should consider whether they could improve directional signposting (road and pedestrian) to their premises and look at whether their on-building signage is visible enough to catch visitors' attention.

3.9 Strategic tourism development

- 3.9.1 *Tourism Scotland 2020 (TS2020²⁵)*, the national tourism strategy for leadership and growth launched in 2012 with the goal of making Scotland 'a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people identifies heritage as one of the key sectors for growth, stating that " This growth will be achieved through quality authentic visitor experiences which highlight those aspects of our assets that are uniquely Scottish – contemporary or traditional - and are delivered to the highest possible standard at each and every stage of the journey". A mid-term review of the strategy was undertaken in 2016²⁶ and identified the following four objectives for the period to 2020:
1. Strengthen digital capabilities
 2. Strengthen industry leadership
 3. Enhance the quality of the visitor experience
 4. Influence investment, specifically flight access & transport connectivity, built infrastructure, digital connectivity and business growth finance.

²⁴ <http://www.northcoast500.com/itinerary/history-heritage-archaeology.aspx> (Accessed 30th March 2018)

²⁵ <http://www.hie.co.uk/growth-sectors/tourism/tourism-scotland-2020.html> (Accessed 18th October 2017)

²⁶ <http://scottishtourismalliance.co.uk/content.php?url=page/ts2020mtr/> (Accessed 18th October 2017)

- 3.9.2 Of these four aims, Objectives 1, 2 and 3 are probably the most directly relevant to this study:
- Objective 1 states the need for the development of services such as online booking, mobile-friendly websites and the use of digital technologies to enhance the visitor experience
 - Objective 2 is concerned with promoting clear leadership within individual tourism businesses: understanding and acting on market needs, promoting Scotland's tourism assets as authentic experiences rather than disparate products, presenting a convincing case for investment, and playing our part in delivering quality across all aspects of the customer journey, and
 - Objective 3 identifies the need to use digital technologies to enhance the visitor experience while also stressing the need for operators to “develop people and skills to enhance the quality of the visitor experience”.
- 3.9.3 Douglas Walker, chairman of ASVA, has been quoted as saying: “Attractions that have invested in their visitor offer by developing innovative new products and services and launching inspiring events and exhibitions programmes, supported by creative and effective marketing campaigns, are not only reaching new visitor markets but are actively encouraging their existing visitors to return time and again”.²⁷
- 3.9.4 However, in the context of the museums within our study – mostly small, with minimal paid input, and with minimal money available for investing in training, product development aimed at the tourism market or marketing - active participation on helping achieve these aims within the sector or at individual museum level is limited.
- 3.9.5 Moreover, whether dealing with general visitors or more specific markets, the reliance by many museums on volunteers for reception, guiding, running special events, and even marketing and PR, has both positive and negative aspects – on the positive side, many volunteers enjoy dealing with visitors and have the kind of local knowledge and enthusiasm which can create a memorable customer experience; on the negative side, it may be difficult to create a consistent quality of experience due to turnover in volunteers, and there may be a mismatch between the skills needed by the museum and the available pool of volunteers. Recruiting and keeping on board the kinds of volunteers needed – and giving them the training and support they need to meet and exceed visitor expectations in an increasingly competitive tourism market, may be a challenge, and is likely to need a co-ordinated approach from a revamped HMF.
- 3.9.6 To help museums achieve their full potential as part of the Highland tourism offering, a new vision of the role of the museum sector in tourism development terms, along with major investment in strategic tourism support and development, is going to be required. Looking at the current strategic support landscape, however, it is difficult to see where this step change will come from unless the museums can find ways of resourcing the support they required themselves through a new collective approach.

²⁷ <https://www.scotsman.com/business/companies/retail/visitor-numbers-to-scottish-attractions-soar-by-ten-per-cent-1-4692235> (Accessed 30th March 2018)

- 3.9.7 Our brief did *not* encompass assessing the feasibility for individual major capital projects or for developing a strategic plan for capital investment across the sector. However, individual capital projects to improve the ways in which individual museums present their collections or to extend the range of services/activities they offer are to be welcomed in principle as they will not only benefit the individual museum concerned but increase the attractiveness of the Highland museum and heritage offer, and to help them compete as a network with competitors both in the Highlands and further afield.
- 3.9.8 At a Highland-wide level, the group may also want to look at creating a “centre of excellence” network whereby each museum specialises in its own particular subject area/strengths and develops its exhibitions, activities and premises accordingly. In marketing terms, creating a “USP” (unique selling proposition) for each museum could enhance their appeal to visitors by encouraging visitors to explore different themes at different museums during their visit.
- 3.9.9 Section 4.5 below makes recommendations as to actions which could be taken during the current project and beyond.

Recommendations:

1. *It is recommended that the Highland Museums Forum takes cognisance of the forthcoming Culture Strategy for Scotland and the likely review of regional strategies and policies which will result. The Forum should work with MGS and other appropriate bodies to ensure that the voice of independent museums is heard.*
2. *In addition, it is recommended that the Service Level Agreement with the Highland Council is revised to reflect reduced funding. Maintenance of Accreditation and regular submission of performance figures are seen as the key requirement.*
3. *It is recommended that the Highland Museums Forum looks at new ways of providing practical and financial support to the museums in this study.*

4 AUDIT FINDINGS

4.1 Organisational structure and means of operation

- i. Of the 19 independent museums, twelve are structured as companies limited by guarantee (including the West Highland Museum which incorporated in November 2017), three as Scottish Charitable Incorporated Organisations (SCIOs) and four as Charitable Trusts. Two of the Trusts are considering conversion to a SCIO. Incorporation, either as a company or in the newer SCIO structure, gives the comfort of limited liability which can grow in importance as the scale of operation, and potential liabilities, increases. Such a structure, especially when linked to a membership scheme, can also be more attractive to some funders.
- ii. All 19 museums are registered charities.
- iii. Four museums have separate trading companies. A trading company can be useful in minimising tax liabilities from trading profits not linked to the charity's primary purpose²⁸. If trading turnover is above what is called the small trading tax exemption limit (£5,000 turnover for a charity with a gross annual income of up to £20,000, or 25% of income if it is above £20,000 up to a maximum of £50,000 if income is above £200,000) there may be a liability for corporation tax. For museums, such trading income is usually achieved through retail and/or café sales and it should be noted that some income, for example from selling donated goods or from rentals, is excluded. When the trading is carried out through a trading company which then donates its profits to its parent charity there is normally no corporation tax due on the profits. However, there are additional costs associated with a trading company, such as for accountant's fees.
- iv. Four museums have a formal Friends scheme, but only two have no membership scheme of any kind. Others have a membership set-up as part of their constitutional arrangements or a separate membership group through a linked organisation. Some charge for membership (which provides an annual source of income). For those who do not charge, or who have a charged membership with a life member category, issues have arisen with keeping track of members and ensuring that membership lists are up to date. Life membership can reduce administration and chasing for payment each year, but a better option may be to introduce payment by direct debit or standing order. Payments for membership can qualify for gift aid, although conditions apply.

4.1.2 Staffing

- i. Together, there are just over 25 full time equivalent (FTE) posts at the 19 museums. These are made up of six full time permanent posts, 22 part time posts and 16 seasonal/casual posts. There were also 1.25 FTE project funded

²⁸ See www.gov.uk/government/publications/charities-detailed-guidance-notes/annex-iv-trading-and-business-activities-basic-principles Accessed 26th March 2018

posts. An additional one full time and three part time staff are employed by trading companies attached to museums.

- ii. The pattern in staffing is variable. Some museums report that staffing has reduced in recent years, or paid staff have been replaced by volunteers, while one or two museums have been able to increase their staff numbers due to additional income or time limited grants.
- iii. Nine museums employ a qualified curator, with 3 of these being full time. Other museums have a variety of arrangements to meet the requirements of accreditation. These include curatorial input through a service agreement, through a freelance provider and through an unpaid arrangement.
- iv. Total annual staffing costs for the 19 museums in the most recent year were £560,482 – an average of £29,500 for each museum and £21,250 per FTE post (including employers' costs). Within that there were wide variations, with 3 museums incurring no staff costs. Otherwise the range was from £7,640 at the low end of the scale to £154,686 at the high end.

4.1.3 Volunteer input

- i In the Highland setting, the independent museums are very dependent upon their volunteers, in all aspects of their operations, including the following roles:
 - Board of Directors/Trustees – notably the key office-bearing positions of Chair, Vice-Chair, Treasurer and Secretary
 - Volunteer Co-ordinator – a very useful role when present and thus highly recommended
 - Front-of-house, in various roles including reception, sales, in-person enquiries, catering
 - guiding in the galleries, whether assigned to zones or taking groups around the museum
 - organising and running, as well as assisting with, events
 - operating outwith the main museum operation itself, as researchers/cataloguers/conservation assistants/temporary exhibition assistants
 - responding to enquiries from afar, through mail or the museum's website, such as diaspora-generated family history enquiries
 - acting as fund-raisers and advocates at events
 - leading on, or assisting with, and devising grant-aidable programmes and applying for the requisite grant support
 - leading on, or assisting with, running the retail operation, taking on such tasks as stock-taking and control, or sourcing new and innovative, relevant retail lines
 - developing and running, or assisting with, the museum's education and outreach programme(s), both by receiving groups into the museum and by taking the museum's stories, handling boxes and other activities out into schools, club and societies, retirement homes, etc.

- Putting newsletters together/updating the website and social media
 - Distributing leaflets
 - Gardening/cleaning/maintenance duties
 - ...and a range of other tasks, varying across the museum complement.
- ii Most of the museums (95%) expressed difficulties in recruiting and retaining volunteers and also described volunteer fatigue and an ageing volunteer base, as well as the onerous tasks associated with meaningful volunteer management. Not all had a Volunteer Co-ordinator, clearly differentiated roles or volunteer development plans in place. Approximately 50% of the museums had neither a volunteer recruitment/succession plan nor a volunteer training/development plan in place.
- iii In contrast, some had extensive and robust volunteer complements and clearly had skills and experience which could be shared across the Highlands. The number of volunteers ranged from one museum which had no volunteers to another with 80+, averaging 21 individuals (excluding trustees and board members), and 2 FTEs across the museums (a total of around 400 people).
- iv The roles expressed as most difficult to fill and retain often included the position of Chair of the Board, where it was common for the person in this role to be suggesting moving on and being replaced as soon as this was possible, but finding it difficult to recruit their successor. Some museums reported a general difficulty in recruiting new Trustees/Board members.
- v In small communities, there tends to be a lot of competition for volunteer time, with various community organisations and causes in need of volunteers.

4.1.4 **Available resources**

There are a lot of resources available to assist with volunteer management in museums. The members of the Highland Museums Forum were used as beta-testers in 2011 for the “Volunteer Organisers’ Toolkit” produced by Heritage Volunteer Organisers Scotland (HVOs) and this remains a very useful source of information, templates and guidelines, and is attached as Appendix Four. It is recommended that the Forum should ensure easy availability of this resource, as well as creating mechanisms for sharing of wisdom, experience and locally developed techniques/templates/role descriptions, etc.

4.1.5 ***The 7 R’s framework – a simple summary of principles and practices***

Volunteer management logically splits into seven main sections, with the letter ‘R’ used below as an *aide-mémoire*:

Rationalising – why have volunteers in the museum? This is fairly self-explanatory, when considering the range of duties and the value they bring to an operation which quite simply could not survive without volunteers. The use of volunteers needs to be clarified, valued and prioritised within the museums’ strategies, however, to ensure both support and process.

Role descriptions – so everyone is clear on why the volunteer is there and what they are going to be doing. It is not good practice to recruit into generic volunteering, compared with the much more productive approach of recruiting into precise roles.

This allows the roles to be worked out in advance and detailed, with appropriate induction, support, insurance and risk assessment developed and in place.

Recruiting volunteers – looking at tried and tested ways to attract people to volunteer in the smaller museum, rather than (or, more usually, as well as...) taking up other volunteering offers in the community. An annual pre-season event at each museum, with the roles written up for selection by attendees (who may select and sign up to more than one), with existing volunteers there as advocates, is to be recommended. People working part-time or between jobs can be candidates for volunteer positions, and networking might discover somebody with relevant qualifications – e.g. a recent history graduate from the local area who has not yet found a suitable job.

Running the volunteer programme – the role (if the museums have one) of the Volunteer Co-ordinator. This role is worth its weight in gold and should be carefully filled and supported.

Retaining volunteers – what makes people stay with the museum and why do some organisations have such a high turnover, seemingly incapable of keeping volunteers turning up week after week? The answer is far from simple, however guidelines would include a well-prepared role description, the setting of SMART targets for the role, the assigning of a “buddy” – usually another volunteer – who supports the role and for whom there is no such thing as a daft question. The rewards are important, of which more below. A good induction, generic for all volunteers and specific for each role, is vital and gets everything off on a good footing.

Replacement (succession) – planning ahead for a steady supply of the volunteers required for success is very important and needs to be planned into the museum diary, with a recruitment drive and induction at the start of the season and a “thank you” gathering at the end of the season, as under the rewards section below.

Rewards/recognition for volunteering effort – what can museums offer? Does it work? What are the limitations? There are laws in place relating to taxable benefits linked to such areas as:

- excessive volunteer discounts in cafes and shops, where the discount means that the museum makes a slight loss, treated as salary in the eyes of the law;
- maximum amounts of reclaim on mileage, before tax implications kick in;
- not being able to give volunteers flat rates of reimbursement without it affecting benefits claims if unemployed, etc.

However, an end-of-season party, where volunteers are praised for their efforts and told of their value; reasonable retail or catering discounts; invitations to special events, previews and trips out... all are not only acceptable, but also to be recommended.

4.1.7 Premises and opening hours

- i. Nine of the 19 museum buildings are owned outright, and seven are leased from Highland Council at a peppercorn rent. Although the Council as landlord retains responsibility for external repairs, repairs needing to be addressed were reported.
- ii. A number of museums have aspirations to redevelop or extend, though for some this is constrained by issues involving their building or site. A major development, which might be assisted by the Heritage Lottery Fund, Big Lottery and a range of other public sources and funds available to charities, could put a museum on to a stronger sustainable financial footing – with scope, for example, to introduce or expand catering and retail space.
- iii. Four museums are open all year round, but with reduced hours off season. The others are open for part of the year only, mostly from April to October with increased hours in the high season, although sometimes access can be arranged by appointment when the museum would normally be closed. Annual opening hours vary from 728 to 2,040 – with an average of 1,320 (equivalent to 165 eight hour days).

Recommendations – organisational structure and means of operation

It is recommended that HMF:

1. *retains and maintains for distribution and referral a developing resource of role descriptions, templates, the HVOS toolkit and guidelines on allowable rewards and also tax implications to avoid;*
2. *encourages the incorporation into museum strategies of a volunteer development plan and into museum operations of appropriate recruitment and reward events and good inductions; and*
3. *ensures that the needs of volunteers are incorporated into any joint, shared insurance policy/policies which may be considered for investigation, trial and adoption into the future.*
4. *provides support and advice to museums looking to develop or extend their sites, including advice on the community asset acquisition option.*
5. *supports museums in trialling changes to opening hours, including monitoring and sharing information on the impact of changes for individual museums and for the group as a whole.*

4.2 Financial sustainability

- 4.2.1 With the current (ie 2017/18) level of support from the Council, five of the 19 museums reported that their financial situation was of concern or worrying. Were there no Council support at all, this would increase to 11. For nine of the 19 museums, the Highland Council payment was their largest source of income.
- 4.2.2 Particular concerns expressed by individual museums include:
- the Highland Council grant has provided funding for core activity (utilities, permanent staffing etc) that is virtually impossible to obtain through project funding.
 - HC grant reductions mean a diminishing carry-forward balance year on year.
 - the proportion of income from non-grant income (such as ticket sales, shop sales etc) has gradually declined.
 - core costs such as salaries are rising.
 - the cost of retail sales has risen disproportionately.
 - repairs/replacement have significantly increased.
 - the museum tends to make a loss.
- 4.2.3 Against this, other museums have experienced income from donations and admissions rising and actual or potential increase in retail sales and income from fundraising. Strong tourism in the Highlands in recent years has been a key factor for a number of the museums – especially where they are located in communities that have experienced visitor growth or are natural stops on touring routes (such as the North Coast 500).
- 4.2.4 Six museums have income from endowments, investment funds or rental of properties. All bar one are carrying available cash reserves. Excluding endowments, reserves range from £3,500 to £128,000, and average £34,000 – although the position is not always clear from museum accounts and balance sheets. In some cases, restricted funds are not shown separately, non-cash items are shown as funds, and receivables are shown when they may never be collected. This can give Board members and staff a misleading picture of the museum's actual financial position. While accounts must be produced in a form which meets charity accounting rules and satisfies OSCR and Companies House (if applicable), a more consistent and informative approach would be beneficial for some.
- 4.2.5 Only nine of the museums have a formal policy for the reserves and the cash balances they hold. The Charities SORP requires trustees to include in their annual report a statement of their policy on reserves, and all museums should therefore have such a policy and a clear picture of their reserves. A factsheet from OSCR is available at www.oscr.org.uk/media/2681/v10-charity-reserves-factsheet_pdf.pdf
- 4.2.6 Of the 19 museums, five provide free entry and 14 charge admission, with charges ranging from £2.50 to £5 for adults. Concessions vary. Some museums allow under 16s free entry, whilst others, for example, have a concession rate for under 16s with free entry for under 5s. One museum has made the entry charge voluntary so that gift aid can be claimed on admission income.

- 4.2.7 All the museums, whether they charge for entry or not, benefit from donations. The average amount is £0.39 per visitor, ranging from £0.06 to £0.78. Those with free entry achieve a higher rate of donations, and encouraging donations from visitors will have been a factor in deciding on free entry – i.e. if free entry can significantly increase visitor numbers, a higher rate of donation by the average visitor can compensate for foregone admission income.
- 4.2.8 Three of the museums actively seek bequests or legacies and two regard sponsorship as an ongoing source of income. Four occasionally receive sponsorship, but nine have never tried. Each of these could be approached co-operatively. For example, HMF could provide standard leaflets on legacies which give the option of choosing a particular museum or leaving a bequest to the Forum for the museums in general.
- 4.2.9 Ten museums currently claim gift aid on some of their income – adding 25% to the amount received. Once a system has been set up that complies with the rules, gift aid is relatively simple to claim on a number of income streams, including donations and, in some circumstances, membership fees and admission charges. For example, while a standard admission charge is not eligible for gift aid, if the visitor pays an additional 10%, then gift aid can be claimed on the whole amount. A donation made in return for an annual pass is also eligible for gift aid. There is also a small donations scheme for amounts of under £20. This allows a claim to be made for up to £2,000, or 10 times the claim for normal gift aid. An outline of the scheme can be found at www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on. HMF could improve the take up of the scheme by providing guidance and standard paperwork.
- 4.2.10 All museums have benefitted from grant aid in recent years, applying successfully to a number of sources. The most common have been MGS and AIM, but some museums have developed relationships with private trusts which regularly support their work. Major grants have also been made by sources such as the Lottery and Highlands and Islands Enterprise for capital and refurbishment works. Such grants are for one-off projects, although they often relate to aspects of the museum's regular activity such as temporary exhibitions or learning activities. Full cost recovery can be considered when putting together project costs; ie including a proportion of core costs to more truly reflect the costs associated with a project. Not all funders accept the addition of a proportion of core costs to direct project costs, but it can provide a useful contribution and museums should look to do this wherever possible. The Big Lottery provides a guide which can be accessed at www.biglotteryfund.org.uk/full-cost-recovery.
- 4.2.11 It can take a lot of time to apply for grant aid, and in some instances it may be worth looking at the potential for a joint project. This may be, for example, for a learning or education project across all or some of the museums (e.g. an Audience Development Officer who could develop and run a number of school visits and learning activities in a number of locations, and build working partnerships with organisations outwith the heritage sector), or for a temporary exhibition which will go to, say, 5 museums over a five-year life.
- 4.2.12 Retail sales are an important component of most museums' income, and could be of growing importance. The management of retail varies, however, with some museums

not recording detail of sales income, margins or profit, and a proportion do not calculate an annual cost of sales figure, making it impossible to work out annual profit figures. Total turnover reported approaches £200,000, but this ranges between museums from £1,000 to £40,000 – averaging around £10,000. Where reported, gross profit margins vary between museums from 36% to 80%. Book sales made the biggest contribution to sales income, followed by gifts and souvenirs. Retail sales averaged £1.02 per visitor, ranging between £0.10 and £3.18.

- 4.2.13 With the growing importance of income from retail, keeping good records becomes even more critical to give a clear picture of performance. Even where there is not a separate trading company, records should be kept of retail sales in different categories in such a way that they can be related to the cost of purchasing items for sale, opening stock values and closing stock values, and a clear picture obtained of the profit achieved for different lines of stock. The effect of selling surplus stock at reduced prices should also be taken into account. AIM has published a guide to successful retailing for smaller museums which can be downloaded from www.aim-museums.co.uk/resources/.
- 4.2.14 Three museums operate catering in-house (two through cafés and one through a coffee machine), and two have cafés on site operated by a third party through a lease. Lease arrangements can cause particular concern, with the need to balance the quality of the caterer with the income received, and advice has been offered to the two museums concerned.
- 4.2.15 Income through general fundraising activities is generally relatively small. Some museums do have volunteers who can raise funds through activities such as bag packing at local shops. One has introduced a fundraising dinner which has raised over £11,000 in each of the last two years, although it is felt that holding the event every year might be difficult. None take up the opportunity to have a charity collection in local supermarkets (the proceeds of which would be eligible for the gift aid small donations scheme). Equally, other potential fundraising opportunities such as charity shops have not been pursued. Charity shops could be opened by individual museums, in partnership with other local community groups or in key locations by HMF (as Highland Heritage shops).
- 4.2.16 Other income sources are relatively limited. Only a few museums offer online sales, either direct or through a site like Amazon. Online sales could perhaps be made easier through providing a link on each museum website to a joint HMF shop area for items available online. Income from the sale of image rights is also low. One museum receives commission income from art sales, which others might explore. One museum mentions a calendar and, given the number of images held in collections, more museums might consider producing calendars, either individually, in clusters, or through HMF.
- 4.2.17 In relation to expenditure, for most museums (excluding those with no paid staff), salary costs were the main item of annual expenditure. Other costs involving significant expenditure were energy, insurance, water and business rates, accountancy services and shop stock.

- 4.2.18 Shop stock is mainly bought in from national suppliers. A range of book wholesalers are used, including Lomond Books, Bookspeed and Booksource. Gifts and souvenirs come from suppliers such as Severnside Wholesalers, Westair (pin badges, pendants, pencil sharpeners etc), Star Editions (posters and fridge magnets), Half Moon Bay (WW2 coasters, fridge magnets), Textile Heritage (Cross stitch tapestry kits), Hamilton and Young (Outlander themed quaichs, flasks, Christmas decorations) and Sea Gems and Scottish Fine Soaps. Some museums attend the SEC Trade Fair to source stock.
- 4.2.19 In general, little shop stock is sourced locally, although there is some interest in stocking local goods. Consideration might be given to an online mechanism for museums to share information on local suppliers who can provide lines that sell well. It may also be possible to negotiate improved group trade terms with book and gift suppliers.
- 4.2.20 Some museums sell their own publications and DVDs. These are sourced in a number of ways, either through buying in bulk from a printer, or using a short run/print on demand service from a supplier such as Lulu.com. One museum buys bulk copies of any local title which is remaindered. Online sales account for only a small proportion of trading income, with only a few museums having a shop element to their website.
- 4.2.21 Museums source services from a variety of providers. The main supplier of electricity is SSE, although EDF and E.on are also used. Relatively few use gas, with SSE again the main supplier. 2 museums have sourced their energy supplier through the Association of Independent Museums scheme and one through Utility Aid, a broker specialising in the non-profit sector. It would be worth exploring the advantages of such schemes more widely.
- 4.2.22 All museums bar one source their insurance from Zurich through the Highland Council scheme. This scheme is now coming to an end, however, and for 2018/19 insurance will be through a direct contract with Zurich. Steps have been taken to investigate alternative quotes for 2019/20 – providing a benchmark to compare Zurich once its current contract ends.
- 4.2.23 Business Stream is the main provider for water. Most museums have been able to benefit from the Scottish Government's charities exemption scheme, but some have found it difficult to claim the exemption. This is an issue which should be pursued, either by museums individually or by HMF on their behalf.
- 4.2.24 Most museums qualify for exemption from business rates, either through the Scottish Government's Small Business Bonus Scheme, which provides relief to business ratepayers with properties with a combined rateable value of £18,000 or less, or through the discounts available for registered charities. All charities can claim 80% mandatory discount, with the further 20% relief provided at the discretion of the Council. Highland Council has a policy of not providing the discretionary element if income from business activities makes up more than 20% of total income. To calculate this, all trading income is included (even if through a separate trading company) and the gross turnover figures are used. The cost of sales is not regarded as material.

- 4.2.25 This means that, while in the past most museums would have qualified for the additional 20% relief, fewer now do. Even though their trading and other income may not have increased, it has increased as a percentage of their overall income due to the Highland Council grant reducing. The net effect of the Council reducing the grants for museums and encouraging them to be more self sufficient through increased trading is therefore exacerbated by them becoming ineligible for discretionary rates relief.
- 4.2.26 For those museums which do not qualify for the Small Business Bonus Scheme this is unfortunate – although for those who do there is no guarantee that the scheme will continue. There would be an argument to lobby the Council on its policy from two angles:
- that the income to the museum is from the profit on sales, not the turnover
 - that, rather than a strict 20% of income rule, the Council policy should match the small trading tax exemption, as applied by HMRC for corporation tax (see para 4.1.3 above).
- 4.2.27 Repairs and maintenance can be a constant worry for many museums, with many of them occupying old buildings. Some have managed to access grant funding for relatively major items, but often basic but important repairs are not attractive projects for funders. Even where fabric repairs are the responsibility of the landlord, such as Highland Council, museums can struggle to maintain their premises.
- 4.2.28 There is very little crossover between accountancy services used for the preparation of annual accounts and ongoing financial monitoring. The costs range from nil (when provided on a pro bono basis or by a competent person not part of an accountancy firm) to £1,980. To illustrate disparities, 2 museums use services provided through their local third sector support organisation, with one paying £37.50 and the other £1,650.
- 4.2.29 There is some benefit from using a local accountant but, other than for those who can make use of pro bono services or are using a low cost service only available within their area, consideration might be given to rationalising the number of accountancy services used. This would have an added benefit of ensuring that accounts are presented in a consistent manner and avoid the issues mentioned in para 4.2.4 above.
- 4.2.30 Banking services are also varied, reflecting the availability of branches around the Highlands. Bank charges seem inconsistent, with some paying and others not. For example, one museum paid the Bank of Scotland £100 in charges while another reported that the Bank of Scotland provides services free of charge as they are a charity. Similarly, one museum paid RBS £260 in charges while another has had their charges refunded as their turnover is less than £100,000. The museums which do pay charges might explore this with their bank.
- 4.2.31 Credit card charges are also an issue, with some museums not accepting cards because of the cost. Charges vary from £89 to £1,123 and there would be benefit in sharing information on providers used, or perhaps looking at the possibility of collective procurement of this service.

4.2.32 Six of the 19 museums are registered for VAT. One has recently benefitted from the broadening of the VAT refund scheme for museums and galleries under Section 33A, which allows it to reclaim VAT paid on much of its expenditure without registering (see VAT Notice 998²⁹). There are various conditions attached to eligibility, including free admission and year round opening for at least 30 hours per week, but it would be worthwhile for other museums to check their eligibility.

Recommendations

Through the audits of individual museums issues and challenges have been identified that might be addressed by the museums themselves, by operating in clusters or through working co-operatively through HMF (or the SCIO that might be set up – see Section 6). HMF in particular could support the individual museums in areas such as:

- 1. membership schemes - by supporting museums to put membership and/or Friends schemes in place (and perhaps setting up a Highland-wide Friends of Highland Heritage scheme)*
- 2. Gift Aid - by helping museums to put a scheme in place and providing, for example, standard stationery for collection of donations and wording for admission charge signing*
- 3. legacies - by producing a standard legacy leaflet which encourages people to leave a bequest to either an individual museum or to Highland Museums in general through the Forum*
- 4. sponsorship - by attracting major sponsorships for Highland Museums for different aspects of their work*
- 5. grants - by seeking grant for museums on a co-operative basis, e.g. to provide learning and educational activities within a geographical area or to mount temporary exhibitions which might tour a number of museums*
- 6. rates - by lobbying for more museums to be exempted from business and water rates*
- 7. services - sharing information on suppliers of services such as energy, telecoms, accountancy and credit card charges and negotiating preferential rates on a joint basis*
- 8. retail - by providing a forum to share information on suppliers, negotiating more preferential terms, sourcing local goods for resale, creating branded items for resale, and creating a stronger online sales presence*
- 9. fundraising - by supporting the development of charity shops, or perhaps a number of Highland Heritage charity shops in key locations*
- 10. setting up partnerships with other groups and businesses in their local areas to pursue new means of raising revenue. An example is given in Section 6 of encouraging Airbnb Social Impact experiences*
- 11. offering tourism information or other public services within their buildings to increase footfall that should increase museum or special exhibition entries, retail sales, catering sales, etc.*

²⁹ <https://www.gov.uk/government/publications/vat-notice-998-vat-refund-scheme-for-national-museums-and-galleries/vat-notices-998-vat-refund-scheme-for-national-museums-and-galleries> accessed 26/03/18

4.3 Collections care and development

4.3.1 All the museums in the audit are accredited museums and their approaches to collections care development are therefore informed by the accreditation process.

4.3.2 The table below shows the current Accreditation status and review timetable maintained by Museums Galleries Scotland for the independent museum members of Highland Museums Forum. It can be seen that there are pinch points of activity in mid-2018, early 2019 and late-2019, when one considers the group of museums as a whole. This should be read, however, in the context that Accreditation itself is currently under review, with new standards and guidelines due by the summer of 2018. It is likely that the reviews will move to every four years, with a more ‘light touch’ return process, to reduce the burden on participant museums. The process will stay broadly the same; however, certain policies and plans may not need to be submitted in future, but merely require to be in place for inspection if required. The dates supplied are provisional as a result. No museum will lose its status as a result of the imminent changes.

4.3.3 An exception to the four-year review will be the security review requirement, which will be every five years, to reflect how onerous this is felt to be, and the difficulties sometimes experienced in engaging meaningfully with over-stretched local police representatives as part of the process. This should still comply with Government Indemnity rules, for the arrangement of loan material and touring exhibitions.

Museum	Accreditation number	Accreditation status	Date of last review	Date of next planned review
Caithness Horizons	2244	Full	23 April 2015	Submission due 8 October 2018 (invite letter to be sent out in May 2018)
Cromarty Courthouse Museum	0041	Full	19 Feb 2016	Submission due 8 August 2018 (invite letter to be sent out in March 2018)
Dingwall Museum	1284	Full	30 July 2015	Submission due 8 August 2018 (invite letter to be sent out in March 2018)
Dunbeath Heritage Centre	2035	Full	21 April 2016	TBC – not before May 2019
Gairloch Heritage Museum	0020	Full	16 June 2016	TBC – not before May 2019
Glencoe Folk Museum	0479	Full	23 April 2015	Submission due 8 October 2018 (invite letter to be sent out in May 2018)
Glenfinnan Station Museum	459	Full	11 June 2015	Submission due 8 October 2018 (invite letter to be sent out in May 2018)
Grantown-on-Spey Museum	0336	Full	22 Sept 2016	TBC – not before August 2019
Groam House Museum	1285	Full	21 Sept 2017	TBC – not before Oct 2020
Highland Museum of Childhood	0048	Full	22 Sept 2016	TBC – not before Dec 2019
Historylinks Dornoch	2052	Full	9 Feb 2017	TBC – not before Oct 2019
Mallaig Heritage Centre	0410	Full	19 Feb 2015	Submission due 8 August 2018 (invite letter to be sent out in March 2018)
Nairn Museum	0064	Full	23 April 2015	Submission due 8 August 2018 (invite letter to be sent out in March 2018)

Museum	Accreditation number	Accreditation status	Date of last review	Date of next planned review
Strathnaver Museum	0067	Full	9 Feb 2017	TBC – not before Oct 2019
Tain through Time	1283	Full	9 Feb 2017	TBC – not before Oct 2019
Tarbat Discovery Centre	2051	Full	22 Sept 2016	TBC – not before Oct 2019
Timespan Heritage Centre	0448	Full	15 Nov 2017	TBC – not before Feb 2020
Ullapool Museum	0475	Full	10 Nov 2016	TBC – not before Oct 2019
West Highland Museum	0068	Full	24 Sept 2015	TBC – not before April 2019

4.3.4 All of the museums in the study group have Full Accreditation, which is the recognised standard in the UK for running museums. To achieve Accreditation, museums must meet set requirements in:

- governance and management;
- collections care and documentation; and
- information and services offered to visitors.³⁰

4.3.5 Because of the importance of maintaining Full Accreditation, it requires sufficient priority within the museums' limited capacity of staff / volunteer resource. It should be stressed that there is some, limited assistance and advice available from Museums Galleries Scotland, through their Quality Assurance Manager, who will also buy in some external support at need, to visit individual museums as part of the Accreditation Review process.

4.3.6 Requirement 1.8 – access to a museums professional, which can be through allocation of a mentor, or by sharing staff between museums or across a group of museums such as the Forum - is a potential source of general concern, given the pulling back of assigned mentors from at least three and potentially five of the museums in the Forum. It is recommended that the Forum, and its component museums, are open to the mentor(s) being at a distance, which is perfectly acceptable to MGS, so long as the remit is being satisfied. (NB. Current mentors/bought-in curatorial specialists are as far afield as Dunfermline and Edinburgh, although the majority are within Highland).

4.3.7 MGS has identified other areas of potential concern as:

- forward planning, where some is deemed to be inadequate when analysed for the SMART nature of objectives
- web presence, as a communications tool which is growing in importance, where the quality and outputs of some of the museum web sites is felt to be inadequate
- assessment of training needs and planning for addressing these, and
- ensuring adequate advice on collections care, as a specific part of requirement 1.8.

³⁰ <https://www.museumsgalleryscotland.org.uk/accreditation-recognition/> (Accessed 21st March 2018)

- 4.3.8 Many of the museums have expressed some generic concerns, through the audit process, about the time/financial resource requirements of Accreditation compliance as identified in advance of their next review. Also, articulated specific concerns range between aspects of security, environmental controls, the front-facing service (e.g. the capacity to plan and deliver a number of events), documentation backlogs and governance – basically, across the spectrum of the three areas of the review, by the time all the concerns are taken into account.
- 4.3.9 The process of accreditation review will continue to use an on-line form, so it will be important to ensure that each museum has access to a high enough level of IT skill to reduce this as a burden, possibly through working with a suitably skilled, identified volunteer.
- 4.3.10 Where individual museums require specific financial input(s) to address shortcomings through one-off projects, then these should be looked upon as a priority in determining the needs of those museums, as they relate to any central funding repositories intended for disbursement across the region into the future.
- 4.3.11 Therefore, the Forum needs to recognise Museums Accreditation as a relatively onerous element (in the expressed view of many of the participant museums) of providing a viable cross-Highland complement of museums and consider central support for this aspect of the combined operation.
- 4.3.12 With collection development, there is potential for HMF to help each of the museums to develop the major theme or themes that they focus on. While many of the museums will want to tell the story of their own community, there are iconic Highland stories where individual museums already have significant collections and where there is potential to develop and promote them as the “centre for excellence” for that topic. Examples might be Strathnaver Museum for the Clearances, West Highland Museum for Jacobites, Glencoe Folk Museum for the Massacre. The museums might co-operate to improve their collections relating to important themes eg by loaning or even donating items to each other to reflect their different USPs. HMF could also help museums to take loans from the Council and national collections. Such an approach would also help in museums gaining Recognition for their collections and in putting together touring exhibitions which deal with these iconic themes.
- 4.3.13 HMF would also have a potential role in helping museums to further develop their web presence and to take advantage of the possibilities for the use of digital media in areas such as interpretation. There may also be scope to develop a Highland-wide museums digital library resource for members of the public and commercial users (for example, making it easier to access digital copies of archive materials such as photographs and generating income from providing this service). There is potential for working with the existing Am Baile resource run by High Life Highland but a stand-alone presence promoting a Highland museums brand and dovetailing in to an enhanced overall Highland museums web presence may offer additional benefits in terms of branding and potential income generation.
- 4.3.14 Access to advice on collections care and development is an issue for a number of museums which do not have their own curator. Various arrangements have been made to deal with this issue, but HMF could explore how the position might be

improved. This might be, for example, by clustering museums, with a number of museums contributing to the cost of one curator. Attracting curators to work in the Highlands and retaining them through being able to offer some kind of career progression can also be issues that HMF could explore.

- 4.3.15 Other issues that HMF might explore collectively include the provision of museum stores and access to conservation services.

Recommendations:

1. *It is recommended that the Development Officer, or equivalent going forward, takes cognisance of the Accreditation Review timetable supplied here (with the caveat that it may be subject to change) and ascertains from the individual museums the nature of their individual concerns at the time (as they change with regularity), mainly regarding capacity to address the needs of the review process, then acting as a guide through the process. This overview role will need to address the situation regarding which museums have their own qualified Curator, or a share in such a post with others, as part of calculating the solution to ensuring adequate museum professional input to all. The Quality Assurance Manager at MGS has also requested early contact with her, to ensure joined-up support and a full understanding of the scheme and its requirements.*
2. *Further explore issues relating to collections care and development as outlined in 4.3.12-4.3.15 above.*

4.4 The wider cultural and community environment

- 4.4.1 HMF and its members must negotiate a complicated strategic environment, but one in which there are tangible opportunities:

- the Scottish Government's National Outcomes (to which Local Authority spending plans must relate)
- the current Scottish Government-led process of preparing a new Scottish Culture Strategy (and ensuring that museums, and heritage generally, have an appropriate prominence within any such strategy)
- current Scottish Government priorities: for inclusion, for town centre regeneration, and for 'place-making'
- the current review within HIE of its strategic support of the heritage sector
- the priorities and statutory responsibilities of the Highland Council, as reflected in the priorities and budget-setting of High Life Highland
- Museums Galleries Scotland are about to embark on a review and updating of the National Strategy for museums, and of course are responsible for the Accreditation and Recognition schemes.

- 4.4.2 The challenges therefore, for HMF and individual members are to:

- align their own objectives and strategic priorities with those of national and local Government, and key funding bodies
- where the premises can accommodate it, increase visitor numbers, and (in many cases) be clearer about the distinction between local and tourism visitor numbers

- increase local support and demonstrate local relevance, thereby aiming to reduce the risk of competition for local resources (funding, volunteers, visitors)
- make the most of economic and funding opportunities
- in many cases, turn the disadvantage of being housed in a historic building to a strategic advantage.

4.4.3 Across the HMF membership there is a huge disparity in the extent to which individual museums locate themselves within the wider heritage, cultural and community sectors, locally and regionally. Timespan is a special case and is considered in the next section. HistoryLinks, partly following Timespan's example, is closely integrated with cultural, tourism and economic network across Dornoch. By contrast, Nairn and Dingwall museums, given their locations and the prominence of the buildings they occupy, have considerable scope to do much more to develop local partnerships and networks.

4.4.4 Few, if any, HMF members will have the opportunity to follow Timespan's example, and secure Regular Funding from Creative Scotland. Nonetheless, as HistoryLinks have demonstrated, there are many aspects of the Timespan model which are relevant to how other HMF members might develop, and how a developed Forum might aid them to do so. For example:

- working with artists to engage the wider community, to organise activities throughout Helmsdale itself and across East Sutherland, and to offer new forms of engagement and interpretation
- giving prominent physical and online access to archives, and acting as a digital repository of photographs and other material that remains within community ownership
- operating a café as an important social facility for the community, not least through offering continuing employment, and the opportunity for skills acquisition
- building an extended programme of work, and of partnership-building, around a powerful and accessible theme (in Timespan's case, the idea of 'North', explored over three distinct yearly programmes)
- utilising technology in innovative ways to engage visitors and provide new forms of access and interpretation.

4.4.5 Since the 2012 visitor survey undertaken by HI-Arts, few HMF members distinguish between local and external visitors when counting visitor numbers, and even if they do, those figures are then not broken down to give an indication of how many *individuals* in the community those local visitor figures represent. It is hard, therefore, other than through anecdotal evidence, to demonstrate the extent to which a museum is used, and valued, by the immediate community it serves. This is a particular issue where a museum does not have the resources (or, in a number of cases, has had to cut back posts or budgets) to organise the kind of external activities, and education programmes, which would ensure, and make visible, strong community links and benefits.

4.4.6 A number of museums reported competition for volunteers, and for wider community support, with other local cultural and social groups and activities, and many of those groups are undoubtedly under similar pressures to recruit more volunteers, raise more local support, and attract more local users and audiences. In some communities,

specific facilities such as a library or a post office, may be under threat, or the community may be focused on other priorities, such as keeping a village shop or café open, retaining young people, or attracting new families. As a focus for a community's identity, and a communal sense of belonging, a museum has great potential to occupy a central place, and to strengthen its own purpose, while helping to sustain or develop other services within the community. But achieving this may require a paradigm shift in how a museum's governing body thinks and operates, and the Forum should be well placed to guide and support such a shift.

- 4.4.7 What the Timespan model demonstrates is how a museum can develop to become a cultural and social hub for its community. This is not a catch-all solution for a museum's problems. Like all independent museums Timespan still faces ongoing and recurrent challenges of raising funds, recruiting staff and volunteers, and attracting visitors and users. But by placing its core museum remit at the centre of a much wider range of roles and activities, Timespan is able to make a strong and ongoing case for its vital importance to Helmsdale and East Sutherland.
- 4.4.8 Many HMF members occupy buildings that are of great (even national) historic significance, and that are visually prominent within their town- or village-scapes. An incomplete list would include: Cromarty, Glencoe, Dingwall, Caithness Horizons, Fort William, Nairn, Ullapool, Tain and Tarbat Ness. Many of these buildings are leased from the Highland Council, to which they would revert if the museums they house were to be wound up. Many pose challenges to the museums housed within them, to the extent that in some cases (eg Cromarty, Nairn) the preservation of the historic fabric dominates all other considerations. Many would be unsuited, in their present forms, to any other practical use than that of a museum or heritage centre, yet are protected by Listed Building status from any major internal or external changes that would make different uses possible. One possible role for HMF is to develop an approach that turns the challenges these buildings present from a disadvantage to an opportunity: that it is a matter for celebration that community efforts are giving these buildings a life and valid purpose in their communities, and helping to maintain their fabric for the future. At the same time, individual museums should be helped to explore how they can build on the importance and prominence of their buildings to ensure they play the fullest possible role within their communities.
- 4.4.9 Many HMF members are already working closely with local partners and networks to promote themselves to tourists. The challenge is that, in so many cases, the museum is at the mercy of external factors over which it has little or no control. Is the museum on or off the route of the NC500? Can it benefit from the ever-increasing number of cruise ship visits? Glenfinnan and Mallaig rely heavily on the benefits of the Jacobite Steam Train (and, in the case of Glenfinnan, the continuing appeal of Harry Potter). Timespan saw their numbers greatly increase, then decrease, when a coach operator brought visitors to the village, then changed the schedule.
- 4.4.10 In this context, the efforts to promote the full HMF membership, in print and online, may be too generic and high-level, and there is widespread interest in adopting more regional groupings and approaches. Current work on developing and re-launching a Pictish Trail may furnish valuable models, and several museums also showed interest in a Black Isle or Easter Ross grouping. Such collaborations have obvious benefits in

terms of branding, and encouraging multiple visits by tourists, but may also be productive in providing a viable ‘critical mass’ of participants for wider development

Recommendations:

1. *The HMF membership should formulate and adopt a statement of principles, or manifesto, on the place of Highland museums within their wider communities*
2. *Peer-to-peer mentoring and showcasing should be fostered, to share and develop best practice and consistent approaches, eg to tourism bodies*
3. *The HMF should document, and maintain an ongoing review of, the museums estate, especially where the buildings concerned are themselves of historical importance, or otherwise prominent within their communities*
4. *The HMF should liaise closely with MGS in the review of the National Strategy, in terms both of presenting the HMF’s forward plans as a model, and in learning from similar developments in other Scottish regions.*

4.5 **Recommendations re tourism development and marketing**

4.5.1 This section sets out a listing of ways in which:

- the Development Officers could work during this project to support tourism development and marketing activities, in the shape both of “quick win” projects and laying the foundations for longer-term strategic development work which could be taken forward by the proposed SCIO
- ways in which the proposed SCIO could support tourism development and marketing activities on behalf of its member museums.

4.5.2 In addition to generating increased visits to individual museums, a number of the tourism marketing/product development activities suggested in this report have the potential to generate commercial revenue via the proposed SCIO, the proceeds of which could be reinvested in providing development and marketing support for its member museums. These suggestions will require further development via a business planning process.

4.5.3 For the purposes of this report, we are defining “tourism development” as activities run primarily to generate economic benefits/commercial revenue for the SCIO and individual museums whereas “audience development” activities would be those activities aimed more at achieving learning, cultural and social objectives, especially amongst audiences living locally. (Section 4.6 below identifies potential audience development activities which could be taken forward during the current project or under the aegis of the proposed SCIO.)

4.5.4 In reality, however, tourism development activities will also have learning, cultural and social outcomes and audience development activities are also likely to bring economic/commercial benefits by attracting more footfall and encouraging spend on admission costs, retail purchases etc.

4.5.5 *Tourism development activities*

In general terms, this will involve:

- identifying the current and potential tourism “offers” of the museums collectively and individually
- aligning these to current and emerging markets.
- promoting the museums to consumers in these market segments as must-visit places, via targeted social media, PR etc, on their Highland tour. There would be potential to tap into VisitScotland consumer marketing campaigns and press visits etc.
- developing saleable/commissionable itineraries/packages which could be promoted to the travel trade/inbound tour operators and other relevant commercial partners (eg cruise line ground handling agents). Identifying ways to add value to what individual museums can already offer – eg bespoke themed local tours, behind-the-scenes tours, special events, themed hospitality – will help make these products even more attractive. Potential to tap into VisitScotland travel trade promotional activities, including travel trade exhibitions and press/familiarisation visits.

4.5.6 Below is an example³¹ of an innovative approach by a tour operator working in partnership with the National Museum of Scotland which is aimed at the group tour/travel trade market. A similar approach could be developed for Highland museums in terms of their dark tourism collections/stories, *Outlander* themes, and other themes of potential interest to current and emerging markets.

Private tours

Give us an hour and we'll give your group a private tour of Scotland's incredible history. Every second counts, so we'll take your guests straight to the most striking objects in the National Museum of Scotland – into a world of Jacobite plots, royal feuds and ancient loyalties.

Mercat quality, exclusively for groups

Our exclusive access to the museum is specifically customised for groups and the travel trade. As with all our tours, your guests will be led by our friendly, fully-accredited guides – in English, French, German or Spanish.

Which tour will you choose?

Working closely with the National Museum of Scotland, we've created five tours of their extensive Scotland collections. Looking for something a little more tailored? Just ask – we can create a session to cover just about anything, from geology to genetics.

- **A History of Scotland in 10 Objects**

From the world-famous to the curious, explore the objects that helped shaped Scotland – and the world. This is the perfect introduction to our country's past.

³¹ <https://www.mercattours.com/view-tour/national-museum-of-scotland-tours>

- **What Makes a Scot?**
From battlefields to poetry to emigration, Scottish identity is more complex than it first appears. We'll go back to explore the nation's earliest people, right through to 21st century Scots – asking how we define ourselves within Scotland and beyond.
- **Scotland's Dark History**
Every nation has secrets that lurk in the shadows. From torture to murder, we'll look at the museum's rich collection of objects that uncover a more sinister side of the past.
- **Exploding the Myths**
Were Scotland's early people savages or civilised? Was Bonnie Prince Charlie truly a romantic hero? The answers are more complex than you might think – so we'll look at the evidence that's right here in the museum's collection.
- **Symbols of Scotland**
Scots are associated with all sorts of symbols – from the saltire of our national flag to the thistle. What are they, and what do they signify?
- **Upgrade your tour**
Make your group's experience even more special with exclusive access to special private rooms within the museum to enjoy drinks and light bites.
Or perhaps you want the Scottish galleries all to yourself? We can arrange preopening or after hour tours for your travel trade group.

4.5.7 As discussed in Section 3 above, the following areas seem to offer the best options for development initially:

- *Outlander* (consumer and travel trade potential)
- dark tourism (consumer and travel trade potential)
- authentic experiences – providing opportunities for visitors to directly experience aspects of local heritage/history and meet members of the local community via museums (consumer and travel trade potential)
- NC500 (likely to be mainly consumer marketing-led but there is potentially also scope to work with the travel trade)
- Cruise line excursions (likely to focus mainly on developing suitable itineraries and building effective commercial relationships with the ground-handling agents who operate excursions for cruise line passengers although there may be some scope for marketing direct to some passengers)
- family tree research/ancestral tourism – this is likely to be primarily consumer-focused. There is scope to develop and promote a branded/"quality-assured" Highland Museums family tree research service (perhaps in conjunction with High Life Highland's Archive Service and local heritage societies/clan societies) and to add value by offering bespoke tours of museums and local areas connected with the ancestors of the customer. A commitment to investing in training to ensure a consistent and high-quality standard of service amongst participating museums is likely. There would be opportunities either to offer a package of research, tour(s), accommodation, transport, etc or to develop joint working with tour operators who would deal with accommodation and travel arrangements. This would also avoid potential difficulties arising from the

requirements of the European Union’s travel package directive (or any similar UK legislation which might apply after Brexit).

- development and promotion of themed road/touring trails (likely to be primarily aimed at consumer market primarily by social media and PR, perhaps with accompanying digital interpretation. There would also be the potential to develop associated products/itineraries aimed at the travel trade and group tour organisers etc). The development of the Pictish Trail has already been identified as a priority. Other themes might include the Jacobites, Highland beliefs/traditions, “on the crofters’ trail”/Highland clearances, World Wars I and II, fishing, literary Highlands, various clan itineraries, Highland regiments, etc. This themed approach could potentially be developed even further to the development and promotion of a “centre of excellence” network in which each museum specialises in its own particular subject area/strengths and develops its exhibitions, activities and premises accordingly as part of the Highland network.

- 4.5.8 There would require to be an ongoing commitment to keeping abreast of emerging trends and developing/promoting new tourism products to respond to new demands. This is a specialist area which would require specialist staff.
- 4.5.9 To be able to access funding, it will be important to be able to demonstrate that museums’ tourism and audience development activities align with relevant national strategies – particularly those of Museums Galleries Scotland and VisitScotland but also, for example, to national education strategies, well-being strategies etc.
- 4.5.10 There is potential to show these alignments clearly by adopting a standard format for the development plans of individual museums, groups of museums working together (particularly in geographical clusters or those with collections on specific themes), and for the proposed SCIO. Work on developing and rolling out common formats for these plans could begin during the current project.
- 4.5.11 The recommendations below show suggested actions which could be taken during the current *Our collective future* project by the Development Officers to:
- a. achieve some “quick wins” in terms of tourism development during the current project.
 - b. prepare the ground for further pro-active tourism development support and collaborative marketing in the longer-term (under the aegis of the proposed new SCIO) by putting in place a consistent approach to collecting visitor information from museums, and sharing market information with museums to start the discussion as to how museums might target key audiences collectively and individually.
 - c. work with individual museums and clusters of museums (grouped geographically and, perhaps, also by theme) to produce tourism development plans for museums at local, regional and Highland level which align with the national tourism strategy.
 - d. look at the staffing resources (and associated costs) likely to be required to provide strategic tourism development and marketing support under the aegis of the proposed SCIO, and at potential income streams which could cover these costs (for example, from selling authentic experiences, dark tourism tours via tour operators or direct to consumers via the SCIO, income generated from selling ancestral tourism service, etc). This process could be

initiated during the current project but is likely to require further consideration as part of the business planning process for the SCIO.

- 4.5.12 Given that there will be a range of demands on the limited time of the *Our collective future* project's Development Officers, it may be that action on some of the "quick wins" will need to be deferred until the launch of the SCIO. Alternatively, consideration could be given to using some of the Project Officer's time – and/or input from High Life Highland's Independent Museums Support Officer to progress matters further within the timescale of the current project.
- 4.5.13 Section 6 suggests mechanisms for taking forward tourism development opportunities in ways which could generate revenue for the proposed SCIO.

Recommendations re tourism development:

Potential "quick wins"

(Note: it is likely that only some of these could be achieved within the timescales of the current project)

1. *Work with individual museums to review current road/pedestrian signposting and signage on premises and to identify possible improvements.*
2. *Encourage all museums to participate in the VisitScotland I-know (visitor information) scheme, and to actively promote their participation in this scheme.*
3. *Encourage all museums with collections relevant to Outlander/dark tourism themes to emphasise these in their marketing materials and PR. Use social media pro-actively to raise awareness of what museums have to offer. Consider developing and promoting initial Outlander and dark tourism trails/itineraries on the current HMF website and via relevant social media. Encourage museums who are already benefitting from these markets to share what they have learned.*
4. *Encourage museums to consider what "authentic experiences" they could offer visitors, and provide support with developing and marketing these. This may include identifying local accommodation providers and tour operators etc willing to work collaboratively with museums on development and marketing.*
5. *Encourage all museums on the NC500 to join the NC500 membership scheme and work with NC500 to develop itineraries which include all the museums on or near the NC500 route. Use NC500 social media (eg NC500 Facebook pages) to raise awareness of NC500 museums and encourage visits to them. Look at identifying and promoting a "USP" (Unique Selling Proposition) for each museum on the route aimed at persuading NC500 visitors that each museum along the route has its own distinctive story to tell.*
6. *Liaise with HOSTGA (Highlands of Scotland Tour Guide Association) to ensure that their members are aware of what individual museums can offer and to encourage them to include museums on their itineraries where possible.*
7. *Work with all museums offering family tree research services to develop a common charging strategy. Investigate possibility of working with local*

history/heritage groups and clan societies etc to extend the breadth of service which could be provided. Investigate establishing a simple code of conduct/quality guarantee which could assist with promotion. Identify any short-term training requirements. Start pro-actively marketing family tree research services available through independent museums via co-ordinated social media and targeted PR.

8. *Facilitate more active use of social media as a tourism marketing tool by individual museums by providing targeted social media training and practical support to museums who may need it, and by facilitating the sharing of existing good practice and experience within the group.*

Market research (laying the foundations for future strategic development)

1. *Review current arrangements for collecting admission figures to allow more meaningful comparisons to be made between museums within the group and to allow benchmarking with other museums/galleries and the wider visitor attractions sector at both regional and national level. Consistency of approach is vital.*
2. *Identify affordable, practical ways of gathering key visitor information more regularly – particularly on proportions of visitors v local residents, as this will help establish baselines and benchmarking mechanisms as well as informing future marketing and audience development initiatives.*
3. *Take advantage of visitor research being undertaken at national level which shed light on current and future trends (for example, current interest in dark tourism and the demand for authentic experiences) and which could help inform future marketing strategy – this could include running workshops to look at trends information available from VisitScotland and others and looking at how to make practical use of it in terms of marketing and of presenting collections, as well as encouraging museums who have benefited from current trends such as Outlander to share what they have learned.*
4. *Make use of seminars/advice available re targeting cruise line market at Invergordon and encourage individual museums who could potentially be included in excursion itineraries to attend seminars and/or consider running tailored HMF workshop. Start discussions as to how they might work together to grow their share of this market with view to developing a co-ordinated strategy.*

Preparation for longer-term strategic tourism development and marketing

1. *Support local museums in aligning their current and future visitor experiences (and marketing) to the interests of current and emerging markets as identified by VisitScotland. This would best be achieved by introducing a new standard section into museums' forward plans showing how its proposed developments and activities align with the national tourism strategy. Geographical plans (ie for clusters of museums in the same geographic areas) and a Highland-wide plan for museums development amongst SCIO members could also be developed using the same approach, thereby providing a set of local and regional tourism development plans which dovetail into a Highland-wide tourism development plan for museums.*
2. *Liaise with High Life Highland to identify scope for new joint marketing*

initiatives with HLH – for example, joint museums promotion, joint promotion of family history research services, and potential ways of promoting independent museums to the wider HLH user audience, particularly in the Inner Moray Firth area. (It may be possible to identify some “quick wins” as well as longer-term joint initiatives.) Start develop joint proposals for ensuring that independent museums will be promoted in the proposed Inverness Castle development.

3. *Liaise with local DMOs and other collaborative tourism marketing initiatives (especially heritage-related) to identify potential product development and marketing projects and ways of identifying funding to implement these.*
4. *Identify a costed staffing structure which would allow the SCIO to develop and support strategic tourism development and marketing for member museums and identify revenue streams which could fund these. (This would be part of the business planning process for the establishment of the SCIO.)*

4.6 Recommendations re audience development

4.6.1 This section sets out a listing of ways in which:

- the Development Officers could work during this project to support the development of audience development activities
- the proposed SCIO could support audience development activities on behalf of its member museums.

4.6.2 HMF has already established a good track record in developing and co-ordinating joint audience development initiatives such as touring exhibitions and themed programmes of events, along with support and training for participating museums as required. This has been particularly helpful to museums lacking the professional curatorial and/or budgetary resources to develop their own audience development activities while the collective approach has also made more ambitious projects more accessible to individual museums.

4.6.3 As lack of local curatorial input and constrained budgets looks likely to continue, there is scope to build on these collective activities by, for example, developing:

- touring exhibitions, including those which offer participating museums the opportunity to add relevant items from their own collections and run special events and activities linked to the exhibition theme
- digital interpretation materials aimed at encouraging Highland audiences to explore themes by visiting different museums in the area holding objects relating to these themes
- educational resource materials tailored to the needs of Highland schools (for use in museums and in schools). This could include developing materials and activities aimed at particular groups of pupils (for example, schools receiving Pupil Equity Fund allocations aimed at closing the attainment gap for children from disadvantaged homes, children with autism, children with special educational needs, materials aimed at promoting numeracy and literacy,

Gaelic-medium materials, materials for children with English as an additional language etc).

- Highland-wide museum outreach initiatives aimed at under-represented or disadvantaged audiences such as women, people with disabilities, people with long-term physical or mental health problems, looked after children/young people, people with dementia, people with English as an additional language, etc).
- co-ordinated marketing/promotion of pan-Highland audience development activities
- co-ordinated marketing and promotion of the permanent and temporary exhibitions of individual museums and of their locally-organised events and activities etc. (Although HMF's website undertakes some promotion, there is scope for a much more pro-active approach via online promotion, social media and more traditional forms of promotion such as PR and paid advertising campaigns.)

4.6.4 As is the case with potential strategic tourism development initiatives, it will be important, particularly from the point of view of attracting funding, to demonstrate that proposed audience development activities align with relevant national, regional and local strategies. This is a more complex task than when dealing with tourism development because a wider range of strategies and potential partners may be relevant – including those relating to education, health and well-being, social inclusion, the environment etc – and imagination and innovative approaches will be required to develop audience development activities which respond to these needs. However, there are potentially significant rewards in terms of identifying new opportunities for collaborative working and new funding streams which will help make museums sustainable in the longer term.

4.6.5 Producing a listing of potentially relevant national, regional and local strategies with details of potential “fit” with museum collections and activities would be an important first step in the process.

4.6.6 Developing a common format for the development plans of individual museums which enables them to demonstrate linkages with relevant strategies would be the next step.

4.6.7 Consideration should also be given to producing shared audience development plans for museums clustered by geographical location (eg Lochaber, Black Isle/Easter Ross) or by theme/type (for example, museums with Pictish collections, museums with collections particularly suitable for children or older people) etc. Again, these plans should clearly demonstrate linkages with relevant national, regional and local strategies as relevant.

4.6.8 Work should also be undertaken to identify potential routes into developing Highland and more local collaborative projects – for example, through strategic partnerships with NHS Highland, the Highland Council, High Life Highland and other Highland organisations or, at local level, with local community planning partnerships, local initiatives for promoting healthy lifestyles or addressing mental health issues, local projects aiming at promoting social inclusion (for example, working with multicultural groups), and local projects for early years intervention.

- 4.6.9 Looking at how best to work with schools and at how to tap into current national and regional initiatives could be tackled both at Highland and a more local level.
- 4.6.10 The recommendations below show suggested actions which could be taken during the current *Our collective future* project by the Development Officers. Given that there will be a range of demands on their time, however, it may be that action on some of the recommendations will need to be deferred until the launch of the SCIO. Alternatively, consideration could be given to using some of the Project Officer's time – and/or input from High Life Highland's Independent Museums Support Officer - to progress matters further within the timescale of the current project.

Recommendations re audience development:

1. *Consider options for a quick-win audience development project aimed at encouraging young people in the Highlands to become more involved in museums and heritage. (2018 is the Scottish Year of Young People³²). There may be particular opportunities for a project relating to promoting volunteering in museums by young people or to encouraging inter-generational projects.*
2. *prepare the ground for further pro-active audience development support in the longer-term (under the aegis of the proposed new SCIO) by undertaking research into current national, regional and local strategies where museums could play a role in helping to achieve strategic objectives.*
3. *identify potential partners, potential projects, and mechanisms for accessing funding.*
4. *work with individual museums and clusters of museums (grouped geographically and, perhaps, also by theme) to produce audience development plans for museums which align with relevant national, regional and local strategies, and lay the foundations for an over-arching Highland-wide audience development plan to be taken forward by the proposed SCIO.*
5. *look at the staffing resources (and associated costs) likely to be required to provide strategic audience development support under the aegis of the proposed SCIO, and at how the costs of these could be met. This process could be initiated during the current project but is likely to require further consideration as part of the business planning process for the SCIO.*

³² <http://yoyp2018.scot/> Accessed 1st May 2018

5 RECOMMENDATIONS RE HMF OCF FUNDRAISING STRATEGY AND DEVELOPMENT WORK

5.1 Overview

- 5.1.1 The audits of the nineteen museums within the study group identified various actions relating to fundraising and wider development work which we considered could be taken forward either:
- by the individual museum
 - by the individual museum with the support of the Fundraising Officer and/or the Development Officers
 - by HMF and/or the proposed new SCIO.
- 5.1.2 Actions listed under categories (a) and (b) in the audit reports as listed above often offer the potential for “quick wins” could potentially be achieved, or at least set in motion, during the timescale of the current project.
- 5.1.3 In the case of fundraising issues, as these are common to most, or all, of the museums in the study group, we have (para 5.2 below) described general issues and identified recommended actions which will be relevant either to the group or to the majority of the museums as a whole. The individual audit reports provide more information on the current fundraising situation and issues within each individual museum.
- 5.1.4 In terms of wider development support for the museums in the group, the picture varies from museum to museum, given that they all operate in different ways/at different levels, and have differing capacities in terms of staff, volunteers and resources. In Section 5.3 below, we have provided a summary showing the recommended actions for the Development Officers by museum and by category. Again, the individual audit reports provide more details on the exact circumstances and issues at each museum.
- 5.1.5 The background and possible approaches to specific issues are discussed in more detail elsewhere within this report, as is the scope for HMF/the proposed SCIO to play a central role in the strategic development and support of the museums in the study group. The role of HMF/the proposed SCIO, and the way in which this might be implemented and resourced, are discussed elsewhere in the report and will require further consideration as part of the business planning process for the new organisation.

5.2 Fundraising – current situation and recommendations

- 5.2.1 The audit process revealed that a relatively low number of the museums in the group were pro-actively pursuing funds from Gift Aid, membership schemes, legacies and bequests or sponsorship. Section 4.2 describes in more details some of the arrangements currently in place, and possible ways in which to increase income from these sources.
- 5.2.2 **Gift Aid:** ten of the museums said that they operated Gift Aid schemes, with amounts raised from this source in the last financial year generally ranging from around £400

to £4,250, but most less than around £1,500. One museum had raised a much higher amount - £8,000- which was linked to fundraising for a new project that year.

- 5.2.3 **“Friends of...” schemes:** six out of the nineteen museums said that they operated “Friends of ...” schemes with a further two saying that they had links with organisations (local history and heritage societies) who acted as “de facto” friends organisations by providing funds and/or a pool of volunteers to help at the museum.

A further six said that the organisations operating their museums (for example, trusts and SCIOs) were membership-based. Membership subscriptions tended to be quite low (for example, £5-£10 either annually or on a one-off basis).

- 5.2.4 **Legacies and bequests:** only three of the museums in the group said that they actively sought legacies and bequests. The potential benefits in attracting legacies and bequests were highlighted by two who had benefitted in the past from very substantial individual bequests of money (and also, in one case, property) which produced a regular income for them.

- 5.2.5 **Sponsorship:** the picture regarding sponsorship was as follows:

- two of the museums said that sponsorship was an ongoing source of income for them.
- four said that they occasionally obtained one-off sponsorship (generally for a special event)
- four said that they had tried unsuccessfully to obtain sponsorship.
- nine (almost half) said that they had not tried to obtain sponsorship (either at all or in the last five years).

Of the sponsorship obtained, the largest amounts quoted (£13,000 and £9,600 respectively) were in relation to specific projects (a re-display project and a special exhibition). The other amounts cited by museums ranged from £250 to £1,300 approximately.

- 5.2.6 **Crowd-funding/social media:** we did not ask specifically whether museums were using crowd-funding/social media to generate funds. However, looking at the details of funding generated, it was clear that the museums in the study group were not generally not using crowd-funding/social media to generate funds, except in connection with major projects where social media was occasionally being used to help encourage public contributions.

During the course of our research, we made contact with Patronicity³³, a US-based “civic crowd-funding and crowd-granting platform which aims to bring together “local citizens and sponsors to support great initiatives in their communities”. Patronicity have expressed interest in working with HMF on a trial crowd-funding project and there may be particular opportunities for HMF to work with them to raise funds from the Highland diaspora in North America.

Other crowd-funding platforms are also available. It is possible that different platforms will be suitable for different types of projects. The Fundraising Officer

³³ <https://www.patronicity.com/about-us#!>

could play a useful role in developing a crowd-funding development strategy for individual museums in the group and for HMF and/or the proposed new SCIO.

5.2.7 Funding applications: we asked museums about the extent of external funding they had received in the last two years in addition to their core Highland Council grant. Some of the replies reflected major projects which museums had been working on over the period in question, where they had been successful in attracting fairly substantial funding from external organisations (for example, Heritage Lottery Fund, Scottish Land Fund, Highlands and Islands Enterprise and various charitable trusts) for new developments and projects. However, all of them said that they had received smaller amounts for more routine items/activities such as purchase of objects, equipment or display materials, or smaller outreach/educational projects etc. Most were able to list at least four or five awards they had received over the period, and the range of sources mentioned was quite wide, ranging from organisations in the heritage sector (HLF, MGS, AIM), the Highland Council (discretionary grants) to local windfarm funds and a range of individual charitable trusts. Funding tended to be to implement developments/projects rather than to support core costs, which reflects the fact that most funders are not willing to support core activities/running costs.

The replies to this question represent a snapshot of the overall situation and are likely to have been affected by various factors – for example:

- i. the financial circumstances of individual museums (for example, a museum with income from other sources such as endowments may not require to apply for funding from elsewhere)
- ii. the particular priorities and projects of each museum over the period in question (for example, some museums may have been in the midst of, or have just completed, a large development/project and not have been looking to fund further work)
- iii. lack of aspiration and/or capacity (expertise, time) to develop project ideas or seek funding over the period in question.

In relation to (iii) above, in a few cases, particularly – but not exclusively – where there was no professional curator in post, the numbers of awards and the amounts concerned were low compared with other museums in the study group.

Overall, awards for educational/outreach work and special events seemed to be under-represented, with most awards being focused more towards purchase of objects, purchase of equipment, or improvements/repairs to buildings. While physical requirements are possibly easier to identify and may be more pressing needs (either actually or in the perception of the museum), investing in educational/outreach work and special events is key to building local audiences, encouraging repeat visits from locals, and increasing visitor numbers generally. Audience development work could be especially beneficial to museums in the study group struggling to increase their admissions figures.

Likewise, investment in growing the volunteer base and in training/skills development of staff and volunteers seemed to be relatively low.

Audience development and training/skills development are both areas where HFM has already been active by developing and supporting joint projects for its members. There is great potential for HFM to build on this role both during the current project and through the proposed new SCIO.

In general, although individual museums and HMF have all had success in generating funds from external organisations, a more strategic approach, both at individual level and within HMF or the proposed new SCIO, could offer opportunities to increase the levels of funding coming in to the group. At individual museum level, some museums appear to be much more successful in obtaining funding than others. This may be in part due to lack of skills or capacity, and HMF/the proposed SCIO could perhaps play a role in either helping to develop these skills and capacity locally or by providing a central support resources.

At HMF level, while there is no doubt that some opportunities have been identified and pursued to allow very successful projects to take place, other opportunities may have been missed due to lack of staff resources. There is scope at both individual and HMF/SCIO level take a more pro-active role towards being aware of the wide range of potential funders, of matching the types of activities/projects these are interested in supporting with the funding needs of HMF/the proposed SCIO and of individual museums (particularly those identified in each museum's development plan), and of developing and implementing mechanisms which ensure that individual museums and HMF/the proposed SCIO can be aware in good time of major new sources of funding/grant schemes which may be coming on stream (for example, Scottish Government initiatives, Highland Council/HIE strategic initiatives, major windfarm developments in the Moray Firth, new HLF funding streams, etc) and be able to position themselves to take full advantage of these.

Looking wider than the "traditional" sources of support for museums and heritage could also be useful. For example, funding schemes for projects related to tourism development, education (from early years onwards), social inclusion, environment, and health/well-being may all offer opportunities for museum projects at individual museum or HMF/SCIO level. Building closer links with groups in other sectors such as local destination management organisations (DMOs) and local community planning partnerships could help identify opportunities for joint projects and ways to access new sources of funding. There could be particular opportunities for HMF/the proposed SCIO to play a strategic co-ordinating role, and there may also be opportunities for geographic clusters of museums to co-ordinate their input into their local DMO, community planning partnership etc.

Projects focusing on audience development should be given particular priority, as should projects aimed at growing the volunteer base and at developing the skills of staff and volunteers.

A structured, strategic approach to developing audience development projects, finding partners and applying for funding will be essential. Projects should be clearly linked to the development plans of individual museums, groups of museums and the proposed SCIO, which should, in turn, be aligned with relevant national and local strategies. (Please see sections 4.5 and 4.6 above for further details and

recommendations relating to the preparation of development plans in relation to tourism-related projects and audience development.)

As mentioned in section 4.2 above, full cost recovery should be considered when putting together funding applications; ie including a proportion of core costs (for HMF and/or the individual museums) to more truly reflect the total costs associated with a project. The Big Lottery provides a guide which can be accessed at www.biglotteryfund.org.uk/full-cost-recovery.

- 5.2.8 ***Other assets and funds producing income:*** three museums had investment funds whose funds had come from various sources, including from the proceeds from a sale of property which had been acquired as part of the premises of the museum when it opened and subsequently sold on as it was not required for museum operations. Two museums currently had property which generate rental income from third parties.

Although most museums in the study are understandably focused on keeping their existing day-to-day operations afloat, taking a longer-term view and pro-actively working towards building up a safety net in the form of investments which could generate income should also be considered.

Innovative new approaches both within individual museums and/or at HMF/SCIO level could help make this possible – for example, by allocating part of the proceeds from the kinds of fundraising activities listed above towards longer-term investment, by exploring opportunities to increase and expand revenue-generating activities on-site, and by ensuring that any income from existing assets (eg property) is being maximised. There may also be potential for HMF/the proposed SCIO to provide a route for individual museums to obtain better rates on their balances by providing an opportunity for them to pool monies in a higher-performing investment vehicle.

The individual audits of museums carried out as part of this study have highlighted opportunities and/or areas for further investigation either by individual museums or by HMF/the proposed SCIO. The potential for HMF/the proposed SCIO to play a key role in supporting innovative new revenue generation for its member museums is discussed elsewhere in this report.

Recommendations re Fundraising Officer tasks:

1. Gift Aid

- a. support museums currently operating Gift Aid schemes in reviewing their current arrangements and identifying opportunities to increase Gift Aid income.*
- b. support museums not currently operating Gift Aid schemes to introduce schemes where this would bring in meaningful amounts of additional revenue.*
- c. consider developing a “template” scheme for the use of members if this is feasible.*
- d. produce “how to/advice” sheets on promoting and administering Gift Aid schemes.*

- e. *run training sessions and offer mentoring/coaching for museums as required.*
- f. *encourage and provide opportunities for museums with experience/expertise in this field to share these with other members.*
- g. *look at options for introducing a general Gift Aid scheme which could be operated by HMF or the proposed SCIO to generate additional revenue for the benefit of members.*

2. “Friends of...” schemes

- a. *review schemes currently operated by museums and advise on how these might be developed and promoted to generate additional funding. This should include looking at opportunities to generate/increase Gift Aid revenue from these schemes.*
- b. *support museums not currently operating “Friends of...” schemes to develop and launch these. Again, this should include looking at opportunities to generate/increase Gift Aid revenue from these schemes*
- c. *consider developing a “template” scheme for the use of members if this is feasible.*
- d. *produce “how to/advice” sheets on promoting and administering “Friends of...” schemes.*
- e. *run training sessions and offer mentoring/coaching for museums as required.*
- f. *encourage museums with experience/expertise in this field to share these with other members.*
- g. *look at options for introducing a general “Friends of Highland Museums” scheme which could be operated by HMF or the proposed SCIO to generate additional revenue for the benefit of members. Again, This should include looking at opportunities to generate/increase Gift Aid revenue from these schemes*

3. Legacies and bequests

- a. *review schemes currently operated by museums and advise on how these might be developed and promoted to generate additional revenue.*
- b. *support museums not currently operating legacy and bequests schemes to develop and launch these.*
- c. *consider developing a “template” scheme for the use of members if this is feasible.*
- d. *produce “how to/advice” sheets on promoting and administering legacy and bequest schemes.*
- e. *run training sessions and offer mentoring/coaching for museums as required.*
- f. *encourage museums with experience/expertise in this field to share these with other members.*
- g. *look at options for introducing a general legacy and bequest scheme which could be operated by HMF or the proposed SCIO to generate additional revenue for the benefit of members.*

4. Sponsorship

- a. *produce “how to/advice” sheets on identifying sponsorship opportunities, identifying potential sponsors, and building relationships with sponsors.*
- b. *run training sessions and offer mentoring/coaching for museums as required.*
- c. *encourage museums with experience/expertise in this field to share these with other members.*
- d. *support individual museums to develop and implement a realistic plan for increasing their income from sponsorship .*
- e. *develop a plan to generate sponsorship at Highland level, by HMF or the proposed SCIO, in order to generate additional revenue for the benefit of members.*

5. Crowd-funding/social media

- a. *consider various potential crowd-funding platforms, including Patronicity, and advise on their suitability for individual museums and/or for HMF or the proposed SCIO. As appropriate, consider running a pilot project with Patronicity or another suitable crowd-funding platform.*
- b. *produce “how to/advice” sheets on using crowd-funding platforms and social media to generate funds.*
- c. *run training sessions and offer mentoring/coaching for museums as required.*
- d. *encourage museums with experience/expertise in this field to share these with other members.*
- e. *support individual museums to develop and implement a realistic plan for increasing their income from crowd-funding/social media .*
- f. *develop a plan to develop the use of crowd-funding/fundraising via social media at Highland level, by HMF or the proposed SCIO, in order to generate additional revenue for the benefit of members.*

6. Generating more income from assets and investments

- a. *Explore opportunities for helping museums with substantial balances to obtain a better rate of return by pooling funds.*

7. Funding applications

- a. *Consider options for developing an “alert” system to ensure that individual museums and HMF/the proposed SCIO are aware of, and able to take advantage of, upcoming funding opportunities both within the heritage/museums sector and within other sectors such as tourism, education, health and well-being etc.*
- b. *look at developing links with potential partners outwith the museums/heritage sector (for example, DMOs and local community planning partnerships) in order to identify potential joint initiatives and projects. Consider how best to make and foster these links at HMF/SCIO level and at individual museum level.*
- c. *supporting a longer-term strategic approach to funding applications where possible, including identifying the support which HMF/the proposed SCIO could provide to individual museums.*

- d. *produce “how to/advice” sheets on identifying funding opportunities, and preparing funding applications.*
- e. *run training sessions and offer mentoring/coaching for museums as required.*
- f. *encourage museums with particular experience/expertise in this field to share these with other members.*

7. Other tasks

- a. *Fundraising Officer will have a role to play in some instances, in liaison with Development Officers, in helping individual museums to take forward the recommendations in their audit reports.*
- b. *Fundraising Officer may have role to play in identifying funding for the proposed establishment of the SCIO and its activities.*

5.3 Wider development issues

5.3.1 The individual audit report for each museum identifies any actions recommended for that particular museum under the headings of:

- governance, constitution and succession planning
- collections
- premises
- staffing
- volunteers
- visitor numbers and spend per visitor
- opening hours and cost per opening hour
- education/outreach and special events
- joint working and community connections
- reduction of overheads.

5.3.2 The table below (para 5.3.6) shows the distribution of recommended actions by museum and by heading, and focuses on actions which could be taken by individual museums with the support of the Development Officers. (Again, the individual audit reports provide more details on the exact circumstances and issues at each museum.) In some cases, different museums assessed the way in which certain tasks could be action in different ways – for example, in relation to volunteer development issues, some said they could take this forward themselves, some wanted assistance from the Development Officer and some thought it would be a role for HMF in the future. Where this occurred, we have noted the action point in the table as an action for the Development Officers in order to flag up that the topic is a common issue and that consideration should be given by the Development Officers as to how and when it could best be handled.

5.3.3 The audit reports also identify actions which:

- a. could be taken direct by individual museums
- b. could potentially be addressed centrally by HMF/the proposed SCIO.

5.3.4 In relation to recommended actions where it was felt that museums could address issues individually, it may still be the case that the Development Officers could also

play a useful role in terms of providing advice or signposting relevant expertise/experience available from other museums/organisations during the current project. In addition, we recommend that the Development Officers keep a watching brief over all the museums to monitor progress, provide support as required, to identify and find solutions for any problems which may arise, and to ensure that any action points identified in the audit process but not progressed during the current project are rolled forward into the Business Plan for the proposed SCIO to ensure that they are not overlooked.

- 5.3.5 In relation to actions where we recommend that HMF/the proposed SCIO should take matters forward, the Development Officers will have a useful role to play in reviewing the list and amending it to reflect (1) any progress which may have been made during current project and (2) any new issues which may have arisen and which require central support. This updated list should be rolled forward into the Business Plan for the proposed SCIO.

5.3.6 Recommended actions for Development Officers, by activity heading and museum

Notes:

1. In some cases, different museums assessed the way in which certain tasks could be action in different ways ie for volunteer development, some said they could take this forward themselves, some wanted assistance from the Development Officer and some thought it would be a role for HMF in the future. Where this is the case, we have noted the action point in this table to flag up that the topic is a common issue and that consideration should be given by the Development Officers as to how and when it could best be handled.
2. Where input may be required from the Fundraising Officer, this has been noted.
3. Please also see Sections 4.5, 4.6 and 7 for other recommended actions relating to strategic development where the Development Officers could play a role

Museum	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Caithness Horizons	Develop approach to succession planning re Board (part of wider Highland strategy for museum boards?)	Advice and support needed re buildings project. (Input from Fundraising Officer may be required.)		Consider charging for curatorial advice provided to other museum on pro bono basis currently.	Need for Highland-wide volunteer recruitment and management training.				Scope to participate in Pictish Trail development project.	Reduction of costs through collective purchasing, for example, insurance, utilities and other supplies/services.
Cromarty Courthouse	Action plan to bring new trustees on board – especially potential new Chair and Treasurer.	Audit of collections.	Resolution of necessary repairs by Highland Council as landlord.		Training and volunteer development.		Scope for more out-of-season use by local community?	Need more resources (time and money). Possible input from Fundraising Officer in addition to Development Officers.	Development of Pictish Trail and regional networks (eg Black Isle/Easter Ross).	
Dingwall Museum	Advice on options for governance and constitution. Highland-wide approach to		Advice on potential for community asset and acquisition project. (May require input	Explore options for sourcing curatorial support.	Advice on recruiting volunteers. Scope for Highland-wide approach.	Explore ways of increasing retail income. Scope to tap into collaborative		Develop education, outreach and special events programme working with other museum	Help with targeting tour operators and Invergordon cruise line market.	Collective purchasing of utilities, office supplies, insurance, etc.

	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Museum										
	succession planning/recruiting new trustees.		from Fundraising Officer.)			retail stock purchasing and Highland-wide development of online sales.		and organisations.		
Dunbeath Heritage Centre	Need for Highland-wide approach to succession planning. Assistance with developing a succession plan for trustees.	Assistance with submitting MGS Recognition Scheme application re Neil Gunn collection.			Help with implementing HVOS guidelines for volunteer management. Need for Highland-wide approach to volunteer development.				Joint ticketing scheme (Highland-wide and for Caithness) including Pictish Trail..	Scope for bulk buying of consumables .
Gairloch Heritage Museum	Potential for support/advice to be provided in connection with management of major project and introduction of new business model.				Need for Highland-wide volunteer development and management training.					Reduction of costs through collective purchasing, for example, insurance, utilities and other supplies/services.
Glencoe Folk Museum			Water charges.			Negotiate better terms with suppliers of retail stock.	Identify potential savings from joint purchasing of supplies and services with other HMF members.			Central procurement / negotiation. Water charges.
Glenfinnan Station Museum				Curatorial support – consider sourcing curatorial support collectively rather than employing own curator.		Exchange information with other museums on suppliers and terms, and on local suppliers.	Review major costs, especially energy, insurance and telecoms.			

	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Museum						Explore joint purchasing arrangements with wholesalers to improve terms.				
Grantown Museum	Develop approach to succession planning re Board (part of wider Highland strategy for museum boards?)			Potential to source curatorial support collectively.	Develop and promote a volunteer recruitment and development strategy Highland-wide which could be applied locally.	Develop online sales and develop themed merchandising.		Implement ideas in Forward Plan with support from Development Officers – especially for projects which could include other museums/organisations.		Explore opportunities to make savings through collective purchasing.
Groam House Museum	Develop approach to succession planning re Board (part of wider Highland strategy for museum boards?) Look at potential benefits of changing to SCIO format.		Help with identifying options and funding for community asset acquisition (of current museum premises) and expansion project. (Input from Fundraising Officer may be required.)		Develop and promote a volunteer recruitment and development strategy Highland-wide which could be applied locally	Develop online sales and develop themed merchandising.		Implement ideas in Forward Plan with support from Development Officers – especially for projects which could include other museums/organisations.	Interested in collaborative projects facilitated through HMF/proposed SCIO. Particular interest in participating in Pictish Trail development project	Reduction of costs through collective purchasing, for example, insurance, utilities and other supplies/services.
Highland Museum of Childhood		Consider possibility of sharing temporary exhibitions with other independent museums.		Formalise curatorial support for other independent museums by contracting to provide one day a week at full cost recovery. Access funding to		Exchange information with other museums on suppliers and terms, and on local suppliers. Explore joint purchasing arrangements				Investigate obtaining relief from water charges.

	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Museum				cover Learning/Access Officer time. (Liaise with Fundraising Officer.)		with wholesalers to improve terms.				
Historylinks	Recruiting new trustees, especially a Treasurer. Revising governance structures.	Need for an extension to display more of the collection. (Liaise with Fundraising Officer.)	Lack of space – addressed if extension goes ahead.	Curatorial input required.	Recruitment of new Treasurer. Training of volunteers.					
Mallaig Heritage Centre									Explore sharing temporary exhibitions with other HMF members. Explore scope for joint educational projects. Look at pooling investments with other HMF members to increase the rate of return. (Input from Fundraising Officer also required.)	Lobby with other HMF members to change Highland Council policy on discretionary rates relief where overall turnover is relatively low.
Nairn Museum			May need assistance (including from Fundraising Officer) re			Trial free opening to see if overall revenue increases.		Explore scope for joint exhibitions		Collective purchasing of utilities, office supplies, etc.

	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Museum			internal improvements and expansion to provide café and more retailing space.			(Largely dependent on expansion of premises.). Share experiences of other museums who have introduced free entry.		and events.		
Strathnaver Museum	Training on succession planning as part of Board development and management course.			Explore other options for curatorial support.	Refresher training on volunteer management.				HMF collaborative working initiative needed.	Scope for bulk buying of consumables . Advice re relief on water charges.
Tain through Time				Explore sourcing curatorial support collectively.	Develop volunteer recruitment and training to increase capacity.	Develop wider range of products for sale online. Develop charging policy for enquiries and research.		Explore collaborating with neighbouring museums on existing and potential activities.	Explore joint ticketing/membership/passport scheme (Highland-wide, regional or by theme – for example Pictish Trail). Work with tourism partners on strategic issues (information, app etc). Develop collaboration on curation and marketing with Pictish Trail sites.	Advice re relief on water charges. Collective purchasing of utilities, office supplies, etc.

	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Museum										
Tarbat Discovery Centre	Help with succession planning and board recruitment.	Help with applying for funding to bring environment to required levels. (Input from Fundraising Officer may be required.)	Help with applying for funding to bring state of repair to required levels. (Input from Fundraising Officer may be required.)	Consider sourcing curatorial support collectively.		Development of website to include more extensive digital images and a wider range of products for sale online.		Build and develop current programme.	Collective marketing and collaboration on Pictish Trail. Develop relationship with local businesses and organisations. Develop links with other religious sites such as Iona and Lindsifarne.	Collective purchasing of utilities, office supplies, etc.
Timespan	Recruiting new trustees.	Fully exploiting the archive. Carrying through the potential of the “North” theme in a second three-year programme.		Holding on to skilled and experienced staff in a constantly changing funding environment.		Increasing visitor spend per head. Ensuring that the museum offer is of sufficient appeal.	Raising funding to be able to maintain opening hours. (Input from Fundraising Officer may be required.)			
Ullapool Museum						Applying a common methodology for analysis across the Highlands would be useful.			Interested in Highland-wide joint ticketing scheme/pass.	Scope for bulk buying of consumables .
West Highland Museum			Lobby with other HMF members to change Highland Council policy			Providing information on retail suppliers and co-ordinating negotiations on				

	Governance, constitution and succession planning	Collections	Premises	Staffing	Volunteers	Visitor numbers and spend per visitor	Opening hours and cost per opening hour	Education, outreach and special events	Joint working and community connections	Reduction of overheads
Museum			on discretionary rates relief.			wholesale prices for HMF members.				

6 RECOMMENDATIONS ON ESTABLISHING NEW MECHANISMS THAT WOULD RAISE INCOME FOR THE MUSEUMS AND REDUCE THEIR OPERATING COSTS

6.1 Overview

- 6.1 This Section puts forward options for establishing (i) new channels of earned income for the museums, and (ii) supply arrangements that, through economies of scale and increased purchasing power, could reduce their unit purchasing costs and relieve individual museums of some of the staff time and costs of purchasing their own supplies and services where these could be procured jointly.

6.2 Legal mechanism

- 6.2.1 One or more new mechanisms would need to be established to achieve these objectives; it is assumed that a new SCIO (Scottish Charitable Incorporated Organisation), or SCIOs, would be set up. This would provide the benefits of charitable status and limited liability.
- 6.2.2 The structure, purposes and means of operation of the recommended new organisation that could have a range of functions (see below) fit the criteria for a SCIO, which is a legal form established by the Scottish Ministers in 2011 to allow a charity to be incorporated and administered by a single body, the Office of the Scottish Charity Regulator (OSCR). An application for the incorporation of a SCIO and a proposed SCIO constitution would need to be submitted to and approved by OSCR.
- 6.2.3 The SCIO would have a charitable “primary purpose”, and would be exempt from direct tax when “primary purpose trading”. Other trading undertaken to raise funds to be applied for charitable purposes would be non-charitable (e.g. sales of products); and either a trading subsidiary (or subsidiaries) could be set up for this that would pass its profits (after any applicable tax) to the SCIO, or the SCIO would need to apportion its income and expenditure between charitable and non-charitable trading for direct tax purposes. VAT eligibility is the same for charitable as for non-charitable trade. More than one trading subsidiary might be appropriate where activities are different and run by different people, or where a particular activity/new venture carries a financial risk.
- 6.2.4 The trading activities considered in this Section are additional to the fundraising and sponsorship options being addressed by HMF’s fundraising consultant – although the fundraising strategy that he is producing for HMF and the independent museum sector in Highland will include the commercial trading options outlined in this Section.
- 6.2.5 The options considered below can be taken to relate to the 19 independent museums as a group – although it is possible that one or more of the museums might not “sign up” to the plans. These options are thus complementary to those suggested in Sections 4.1 and 4.2 above which relate to individual museums or ad-hoc groupings of the museums (by location, theme, etc), and which they could take forward through their existing constitutions or trading subsidiaries (existing or set up for a particular purpose).
- 6.2.6 Tax eligibility can be complex, and legal advice should be taken before setting up any new entity, but it is assumed that the objective will be to minimise tax in order to maximise the net contribution that new income earning activities can make to the annual viability of the partner museums.

- 6.2.7 A new trading entity (or entities), which is referred to below and elsewhere in this report as a SCIO, might serve:
- i. just the 19 independent museums in Highland.
 - ii. these plus other independent museums and heritage centres in Highland that would be interested in participating.
 - iii. (i) or (ii) above plus other HMF members (existing or others that might join under a modified regime) that are not independent; e.g. Highland Council or NTS-owned facilities.
 - iv. the broader heritage, or heritage plus culture, sector in Highland – which could include events, archaeological sites, educational activities, etc, as well as visitor facilities that have annual income and expenditures.
 - v. one of the variants (i)-(iv) above, but covering a wider area than Highland Council's area – e.g. the Highlands more broadly (which can be defined in different ways), the Highlands and Islands as covered by Highlands and Islands Enterprise (HIE), or the area covered by the University of the Highlands and Islands colleges and institutes (which includes Perth College).

6.2.8 A practical path might be to limit the new SCIO initially to the 19 museums covered by this report (provided that all or most of them are in favour), but with scope to expand its coverage following an initial period. A SCIO with a wider remit could have a higher turnover, more paid staff, a stronger market profile, a wider pool of volunteers on which to draw, and more appeal to certain funders (especially for ambitious projects with a Highland-wide impact). All 19 museums have charitable status, and transferring surpluses to these from a SCIO should thus be straightforward.

6.2.9 The continuing role of High Life Highland would be an important consideration. Potentially, it could be a full or co-opted member of the new SCIO, and/or work in partnership with the SCIO on new developments involving Council-owned properties, purchases of branded or other supplies, etc. (The relationship between the SCIO and HLH would need to be fully considered – for example: if HLH were a member would it be entitled to a share of the surpluses?)

6.3 The potential range of income-generating activities

6.3.1 The SCIO would normally generate a surplus from its activities that would be distributed to its member organisations (equally, on a pre-arranged basis, or ad hoc depending on the activity). However, some activities might just be cost-covering, with the museums gaining revenue from increased visitor spend. For example, a high profile touring exhibition might be organised at no (or little) cost to a member museum; with associated retail products, marketing, transport of exhibits between museums, etc, cost-covered by the SCIO.

6.3.2 Income generating activities might include the following – some of which (as indicated) are covered in the sections of this report dealing with tourism and audience development.

- i Organisation of day or overnight stay visits by tourists that might include visits to members' facilities and/or off-site activities that they might help to set up and operate (e.g. Outlander-related trips, or dark tourism³⁴ as illustrated at 4.5.4 above). Visits might be arranged for groups through a group travel arrangement

³⁴ This relates to Scotland's "dark" history rather than dark skies tourism.

(e.g. a coach visit by a heritage group), for families or other parties, for schools or college course participants, etc. Groups (or individuals who become group members) might be from Scotland, elsewhere in the UK, or elsewhere in the world. Their activities that the SCIO would organise might be self-standing, or part of a longer trip that might or might not be otherwise heritage-related. An organised visit might focus on a castle, an historical distillery, etc, which has no link with any of the museums – with the purpose being to earn as much net income, commission, etc as possible from visitor spend. Visits might focus on themed road/touring trails, e.g. related to Pictish sites, as suggested in Section 4.5.

An option for taking forward this category of income generation would be to encourage and work with Airbnb providers who could host Airbnb Social Impact experiences (“authentic experiences” as mentioned in Section 4.5). Social Impact hosts can be staff, board members, contractors, volunteers, or supporters of a local non-profit organisation (e.g. a museum) with the consent of the organisation. Normally, Airbnb charge a 20% service fee to hosts that offer experiences, but this is waived for experience bookings with non-profit partnerships. Also guest service fees are not normally charged, where they can be up to 20% on accommodation bookings in addition to the 3% standard commission charged to accommodation hosts. Airbnb has grown rapidly in recent years, with 48 properties in and around Cromarty and 84 in and around Dornoch for example. Many Airbnb properties are self-catering rather than bed & breakfast. The incentive for an Airbnb property provider also to offer Social Impact experiences would be to encourage accommodation bookings in an increasingly competitive market, as well as helping the social enterprise.

- ii Organisation and facilitation of visits by people interested in their family history. As noted at Section 4.5 above, this theme could include the development and promotion of a branded/quality assured Highland Museums family tree research service. The SCIO might organise an entire visit (which could include some time spent elsewhere in Scotland) – potentially including travel, overnight accommodation, attendance at evening events, etc – or part of a longer visit spent on heritage activities in Highland. Such visiting groups might be accompanied for all or part of their visit, which could generate direct income for museums that might provide the staffing for this (or commission where a suitably experienced local tour guide service is used).
- iii A package service for people who are interested in heritage holidays. This could be branded under Highland Heritage Holidays (HHH) or similar, and could be pursued as an ambitious business with a turnover in the £million and net commission, once established, of £100,000 + per annum. Indeed, net profit could grow to exceed the total funding currently received by the 19 museums from Highland Council – especially if complete packages of flights, overnight accommodation, activity expenditure, car hire, etc were to be provided. There are a range of ways of providing such a service, with Travel Counsellors (which uses freelance agents based at home) a possible model. At least two of their agents (both highly regarded locally) are based in Highland (Dornoch and Grantown) and have other sources of income.

A separate SCIO with a trading subsidiary for non-charitable services, or a business that is not a SCIO, would be recommended for operating a package service – especially if activities that are not heritage-related are offered to

visitors during their visit on some of their days. Using agents would reduce employment costs to core management and administrative staff and incentivise the agents (whose own commission would be a proportion of the commission/value added of the travel, accommodation and other activity charges that would be made to customers). A heritage holiday in Highland might include:

- Overnight accommodation in a castle, traditional countryside cottage, converted lighthouse, thatched croft house, etc, with serviced or unserviced options (although eating traditional food using historical recipes would be an appropriate added value service). People might stay in one or more properties during their visit – in some cases sharing accommodation with other HHH clients.
- Pre-arranged day (or longer) trips to particular sites or properties, walking or cycling on trails with historical interest, special exhibitions in museums or other facilities, events with a heritage theme or traditional events such as Highland Games, evening entertainment (e.g. a Gaelic ceilidh), and activities which diversify the interest in the holiday but are not specifically heritage-related (sea trips, nature watching, adventure activity days, etc).

Where holiday arrangements include two of the following three components, they comprise a “package” of 24 hours plus duration which need to be covered by regulations under UK law: transport (e.g. flights); accommodation; another tourist service which comprises a significant proportion of the package (e.g. tickets to an event or a sightseeing tour). Since this would normally apply to bookings through HHH, it would need to become a member of the Association of British Travel Agents (ABTA) and pay an annual bond to protect the customer in case it were to become insolvent, there were problems with an accommodation provider, etc.

There would be a significant cost in setting up HHH, but it could become a first choice holiday bookings service for a significant and growing number of UK and overseas customers, with the following competitive advantages:

- employment of suitably experienced agents who would establish commercial relationships with a wide range of accommodation, activity and travel providers.
- confidence that the packages are backed by a specialist organisation (HHH).
- knowledge that profits will support and develop heritage provision in the Highlands.

As it grows, HHH would increasingly benefit from these market strengths, with economies of scale, high website search visibility, social media feedback, and national publicity (e.g. through VisitScotland, etc). HHH could increasingly support heritage provision and activities in Highland beyond its initial members and expand its activities beyond Highland.

Initial business planning assistance and start-up funding support for HHH might be obtainable from sources such as HIE on the basis of the additional economic impact that visitors to Highland would generate while in the region.

The ethos of HHH could include catering for people who are disabled or have other special needs, providing for visits by people with limited resources who might be supported by charities in their home areas (e.g. old peoples' homes residents), organising new activities that are cost-covering rather than profit making (having reached a sufficient annual profit level), and other provision of a charitable nature.

- iv Day trips by cruise liner passengers, which would be set up in advance with cruise line ground handling agents (as noted in Section 4.5 above). These could include visits to museums, but the SCIO (through a trading subsidiary) could earn commission on other activities pursued by cruise visitors for which they would pay or purchases made by the passengers at retail and catering outlets to which they would be taken (for example, with discount vouchers which would show whether something had been paid for by a cruise ship passenger). Cruise liners are berthing at an increasing number of locations in Highland, with an estimated total of 170,000 passengers expected at the port of Invergordon on 92 cruise ships in 2018 – an 11% increase on passenger numbers in 2017.
- v Holding exhibitions in places that receive large numbers of visitors (e.g. Inverness Castle after its development project is complete). The SCIO would aim to generate surpluses, after allowing for any grant aid obtained to help establish the exhibitions, through entry charges, donations, and sales of themed and other products. Such exhibitions could include artefacts and other exhibits loaned by Highland museums, and exhibition customers would be encouraged to visit the museums whilst touring the Highlands.
- vi Setting up and managing touring exhibitions that would (over one or more seasons) go to a number of Highland museums on a broadly equal basis over a period of years. These exhibitions could, to an extent, be customised to each museum on the circuit (e.g. including artefacts loaned to the museum for the period of their exhibition – perhaps by the owner of a local historical property). Special events could be held in association with an exhibition (e.g. in the extensive Viewfield grounds in the case of Nairn Museum which is based in Viewfield House), which would both generate additional income and bring the museum to the attention of more people.
- vii Marketing on behalf of the SCIO membership, beyond the role that HMF currently plays. This could include increasing links between the museums and local visitor accommodation providers; establishing a prominent and attractive website with links to the museums' websites; social media activity; and developing apps with digital interpretation in association with specialist companies. The core funding for such marketing activities could come from surpluses generated by the SCIO from its other activities, grants from sources such as VisitScotland, and earned income through working in partnership with app providers.
- viii Opportunities to maximise income from museum collections – for example, by developing and promoting an online digital library aimed at the public and commercial users (containing, for example, images of objects and archive photographs). The development of branded lines of retail merchandise based on museum collections – for sale within member museums shops, online through individual museum websites and/or the SCIO website, and, possibly, also through third-party outlets – could also be explored.

- ix Sales of new products developed jointly for the museums that they could promote in their retail outlets and online in conjunction with their own products. This can give economies of scale, with knowledge on what sells best transferred between museums, and reduce the burden on museums to source their own supplies. Sales outlets could include charity shops in communities close to the museums, which would help to bring the existence of a museum to new visitors' attention and remind local people or regular visitors that it is a short walk away.
- x Work with television and film makers to encourage programmes and films to be made about the heritage of the different parts of the Highlands and particular themes (such as fishing), and to assist in making these films – through sourcing local characters in collaboration with the museums, finding relevant archive film for inclusion in documentaries, etc.

6.4 Reducing operating costs

- 6.4.1 A SCIO's activities could reduce the annual operating costs of member museums in a wide range of ways, including:
- purchasing shared supplies – retail, catering, office-related, website design and management, etc. Economies of scale through bulk purchase should reduce the unit costs of purchases, and the SCIO could hold certain supplies for distribution to museums as and when they need them to avoid over-ordering by a particular museum and to save on on-site storage space. The SCIO could work with Highland-based quality food and drink suppliers, craft producers, artists, etc, to increase the customer's interest in purchasing from a museum's premises, and attract visitors to the museum for a good retail or catering experience as well as for its exhibitions. Unless it had already generated surpluses from other activities, there would be an initial cash flow cost to the SCIO in making purchases on behalf of its members in advance of selling on to them.
 - obtaining good deals or volume discounts through arranging purchases of energy, telecoms, insurance, accounting and other services on behalf of its members (see Section 4.2).

6.5 Establishing a SCIO

- 6.5.1 The guidance in OSCR's document Meeting the Charity Test specifies sixteen charitable purposes, of which three are relevant to a SCIO (or SCIOs) of the nature envisaged to take forward the income generating and cost saving options summarised above:
- (b) the advancement of education
 - (f) the advancement of citizenship or community development
 - (g) the advancement of the arts, heritage, culture or science
- 6.5.2 Also, a SCIO could include in its constitution other charitable purposes, e.g. (l) the promotion of equality and diversity.
- 6.5.3 The advancement of education could include formal links with educational courses, maintaining libraries of documents or photographs with access for academics and students, keeping databases that help educate the public about heritage, or providing bursaries.

- 6.5.4 The advancement of citizenship and community development could include promoting the concept of volunteering and the value and benefits that volunteering can bring, extending the activities of voluntary organisations into new areas or to a wider range of beneficiaries, supporting networks that bring voluntary organisations together and facilitating partnerships with other sectors, or preserving buildings in an area that are of historic or architectural importance.
- 6.5.5 The advancement of heritage can cover a country's local or national history and traditions, and the preservation of historic land and buildings. These activities could include the core functions of museums, preserving historical traditions such as carnivals, festivals and re-enactments of historically significant events, and promoting traditional skills and crafts.
- 6.5.6 The advancement of culture can include history, language and literature, arts and crafts, music, singing and dance, food, and fashion. Activities might include cross-cultural exchanges, and multi-cultural events.
- 6.5.7 There are two structures available for a SCIO, two tier and single tier. The two tier structure is similar to that of a voluntary association and a company limited by guarantee where it is the membership of the organisation that appoints trustees and have decision making powers. The single tier structure is similar to a trust in that the trustees appoint new trustees and don't have to answer to a wider body. Both structures require at least two members (in the single tier SCIO the members and the trustees are the same people) and must have at least three trustees.
- 6.5.8 HMF could become a SCIO, or a separate SCIO (or SCIOs) could be established – with the same, or different, member representation as HMF (with the possibility of sharing staff and volunteer input). As illustrated above, at least one trading subsidiary would also need to be established.

6.6 Advantages and responsibilities of a SCIO

- 6.6.1 Advantages include:
- the SCIO can hold property, enter into leases and other contracts, employ people, etc, in its own name.
 - limited administration – there is no requirement to notify any regulator about appointments or resignations of board members.
 - unlike company law, where the volume of legislation and case law can be overwhelming, the law relating to SCIOs is self-contained and very manageable.
 - it provides creditor protection and reassurance for those entering into contracts.
 - it only needs to be registered with OSCR, unlike a charitable company, which also needs to register with Companies House.
 - it is subject to the same accounting thresholds as unincorporated charities, so may not have to produce fully accrued accounts.
 - a SCIO is generally regarded by funding bodies and public agencies as a more 'stable' structure than a voluntary association.
- 6.6.2 SCIO members are subject to some of the same duties as charity trustees – specifically, they must act in the interests of the SCIO, and seek, in good faith, to ensure the SCIO acts in a manner which is consistent with its charitable purposes.

- 6.6.3 There is a duty to supply and keep updated a register of charity trustees and members.
- 6.6.4 As the transactions of a SCIO are undertaken by itself directly, rather than by its charity trustees on its behalf, the charity trustees are in general protected from incurring personal liability. However, as with any other type of corporate body, this protection is not absolute; in some circumstances, charity trustees individually may be held responsible for the actions of the SCIO. Such circumstances may occur when the charity trustees have been reckless or negligent, have acted illegally, or have acted outwith their powers in their management and control of the SCIO.
- 6.6.5 Preparation of receipts and payments or accrued accounts depend largely on the body's income level. There is discretion for charity trustees to choose to exceed minimum requirements if accrued accounts are more suited to the body's operations.
- 6.6.6 Resolutions of members are required before certain actions can be taken.
- 6.6.7 Meetings of members must be held at least every 15 months.

7 NEXT STEPS

- 7.1 The independent museums in the Highlands play a central role in delivering Scotland's National Strategy for Museums. The strategy sets out the vision that museums will be ambitious, dynamic and sustainable enterprises, connecting people, places and collections, inspiring, delighting and creating public value. This study has identified challenges for the museums in the Highlands in delivering against this vision, but it does identify many opportunities museums have to look to the future positively. Tourism growth and the quality of the Highland heritage provide a supportive context for taking forward those opportunities.
- 7.2 Audit reports have been produced for each of the 19 independent museums and an early task is for each museum to review the audit findings and consider the recommendations in their individual report. Many of the suggested actions can be carried out at a local level. Others need a degree of co-operation and/or support which might be provided through HMF, although to do this effectively HMF would have to develop its structure beyond the limited development officer and fundraising support available through the *Our Collective Futures* project.
- 7.3 Financial sustainability is a key challenge, not least because of the reductions in support from the Highland Council, but it is important that HMF and the individual museums see beyond this and recognise that their best future lies in working together to grasp opportunities and achieve the aims of the national strategy. Alongside, and inextricably linked with improved financial sustainability is the need to maximise the potential of collections, engage with audiences and with the community, strengthen learning opportunities, attract and retain the right staff and volunteers, and promote the Highland culture widely. The recommendations in this study and the associated audits need to be taken forward by the individual museums, at a sub-regional level by groupings of museums working in partnership and at an overall regional level.
- 7.4 HMF members have already indicated their interest in forming a new SCIO as suggested within this report. The next steps might be:
- to discuss this report with stakeholders
 - to renegotiate the Service Level Agreement with Highland Council/High Life Highland
 - to discuss this report with the independent museums as a group to agree the way forward and the initial priorities
 - to host sub regional meetings to discuss the potential for closer working at a more local level
 - to take forward those recommendations within this report which can be progressed immediately
 - to seek funding for and prepare a business plan for HMF in the future
 - to take legal advice and establish a SCIO with a defined membership (either the independent museums or the wider heritage membership)
 - to establish at least one wholly owned company to take forward new trading opportunities.
- 7.5 Potential actions for the individual museums, the Development Officers and the Fundraising Officer are discussed earlier in this report and would be prioritised in the discussions at local and regional level. That work and subsequent work by HMF as it continues to deliver against this study should be guided by the national strategy. The following areas illustrate the work that would be undertaken.

- i ***Collection care and development***
 - supporting individual museums in the accreditation process
 - supporting applications to the Recognition scheme
 - facilitating the loan or exchange of items to improve collections
 - encouraging museums to focus on their strengths so that, across the 19 museums, the stories of the Highlands come to life
 - working with individual museums to ensure they have access to appropriate curatorial input on an individual or shared basis
 - advising on conservation
 - facilitating co-operative research on iconic Highland stories
 - providing support for the development of shared temporary exhibitions
 - leading pilot projects on the use of digital technologies.

- ii ***Audience development***
 - creating audience development officer posts on a sub-regional level – to develop regional audience development activities, and to work on forming linkages with other sectors (education, health and well-being etc) to explore opportunities for cross-sectoral initiatives.
 - sharing and creating audience development and learning materials
 - linking with local heritage groups and encouraging their formation where there are none
 - collecting and sharing figures on the use of museums and their audiences
 - sharing best practice on audience development
 - creating a Highland-wide Friends organisation to complement those of individual museums
 - developing the HMF website as a promotional tool (with a separate Members area).

- iii ***Workforce development***
 - encouraging staff and volunteer exchanges between museums
 - providing skills development opportunities at regional and sub regional level for staff, volunteers and Board members
 - sharing best practice on volunteer recruitment.

- iv ***Sustainability***
 - seeking project funding at a sub-regional and regional level to take forward the initiatives in this study
 - developing a model set of accounts for museums so that staff and Board members have a clear picture of their financial situation
 - developing trading income through the SCIO and its trading companies
 - supporting individual museums to achieve best value in their expenditure
 - supporting individual museums to maximise their income, both through their primary purpose and through trading.

- v ***Collaboration and innovation***
 - promoting joint working between museums on regional, sub-regional and thematic levels
 - raising the profile of Highland independent museums on the national stage
 - developing opportunities to work with partners outside the heritage sector.

vi ***Promotion of Highland heritage***

- developing income earning opportunities based on Highland heritage and culture
- working with DMOs and other partners to co-operate more closely with tourism operators
- sending touring exhibitions outside the Highland area to other parts of Scotland, the UK and further afield
- developing the HMF website as a source of information on Highland heritage and culture, showcasing the collections of the museums and the research undertaken.