

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: ALEOs and External Bodies Monitoring Committee	Subject: Performance Monitoring Report: Culture NL Ltd <u>Outcomes Achieved 2015-2016:</u> <u>Targeted outcomes 2016-2017</u>
From: Head of Education (Skills, Lifelong Learning & Youth Employment)	
Date: 29 July 2016	Ref: KH/LMcM

1. Purpose of Report

- 1.1. This report outlines Culture NL Ltd (CNL) performance against its' charitable purposes and Council priorities for financial year 2015-2016. This report also advises members of the targets proposed in respect of the current financial year 2016-2017.

2. Background

- 2.1. The Council created Culture NL in April 2013 to manage and develop a wide range of cultural, community and leisure facilities within the Council area on its behalf. The charity manages over 200 sites across North Lanarkshire and ultimately delivers a diverse range of services and cultural programmes, activities and experiences to many different types of customers.
- 2.2. In creating the wholly owned subsidiary in 2013 the Council sought to secure tax efficiencies, improve access to external funding, reach new audiences, sustain arts, libraries, museums and outdoor learning services, and by providing freedom for the company to operate more commercially, to ultimately secure continuous improvement in the Cultural services delivered to North Lanarkshire residents and visitors.
- 2.3. With a view to successfully achieving the outcomes highlighted above, Culture NL was registered as a Scottish Charity in 2013. Its charitable objectives are:
- a. To advance public participation in Cultural activities within the North Lanarkshire area;
 - b. To provide, or assist in the provision of, Cultural facilities and to organise Cultural activities within the North Lanarkshire area, with such facilities and activities being made available to members of the public to improve their quality of life;
 - c. To provide accessible and affordable opportunities for all members of the general public in North Lanarkshire to participate in Cultural activities and access Cultural facilities;
 - d. To advance education and learning primarily within the North Lanarkshire area, as it relates to Cultural activities;
 - e. To advance citizenship and community engagement through Cultural activities within the North Lanarkshire area.
- 2.4. Culture NL's Service Agreement with the Council requires the charity to report its performance against the charitable objectives and outcomes approved by the Learning & Leisure Services Committee in August 2013.
- 2.5. From April 2013 to February 2016, performance reporting was considered quarterly by the Learning and Leisure Services Committee. Following establishment of the ALEOs and External Bodies Monitoring Committee and the change from Learning & Leisure Services Committee to the Education Committee in March 2016, Culture NL performance reporting now fully rests with the ALEOs and External Bodies Monitoring Committee. At its inaugural committee meeting held on 17th May 2016, members considered Culture NL's 2015-2016 Quarter 3 Performance report, and also its Business Plan for 2016-2019.

- 2.6. Members should note however, that in addition to continuing to review the performance information previously considered by the Learning & Leisure Services Committee, this committee must also focus on ensuring that services delivered by Culture NL support the Council in achieving its own priority outcomes.

3. Priority Outcomes

- 3.1. The Council's strategic outcomes and priorities are outlined within the Community Plan & Single Outcome Agreement 2013-2018 (the Plan), approved by Policy & Resources Committee on 4th June 2015.
- 3.2. Outcomes are categorised within the Plan as either: Health & Wellbeing, Lifelong Learning, Regeneration, Community Safety or Developing the Partnership, all of which continue to be reflected in the revised council priorities e.g.: improved economic opportunities and outcomes, outlined within the Chief Executive's *Future Priorities* report to Policy & Resources Committee in December 2015.
- 3.3. Moving forward the North Lanarkshire Community Planning Partnership, in response to direction within the Community Empowerment (Scotland) Act 2015, has provisionally agreed to focus on the revised strategic priorities of:
- Poverty;
 - Homelessness;
 - Looked After Children and Young People; and
 - Community resilience
- 3.4. Culture NL activities can assist in achieving outcomes within all categories identified above, but the greatest benefits are realised within the current lifelong learning and developing the partnership outcomes which focus on increasing opportunities and life skills of communities of interest and hard to reach groups. In acknowledging Culture NL's charitable objectives of advancing public participation in Cultural activities and education and learning, the charity, in conjunction with schools, Creative Scotland and other partners, needs to deliver initiatives and programmes which support these outcomes, through for example increasing the number of people engaging in learning experiences and attending Cultural events.
- 3.5. The Learning & Leisure Services Committee approved the charity's key performance targets and contributions to the Council's outcomes in August 2015, and appendix 1 illustrates overall performance against targets for financial year 2015-2016. Culture NL's performance in 2015/16 included a number of significant highlights across all service areas as demonstrated by the examples below:

• Libraries

Wishaw Library relocated to its new facility on the ground floor of the Houldsworth Centre and features self-issue kiosks, increased PC access, a community room complete with smartboard access, a dedicated training and testing facility for adult learners and Musicworks.

Overall, the Libraries Service experienced a significant increase in the number of digital users with actual performance against the indicator, "*Number of digital users of library services as a % of population*" exceeding the target by nearly threefold. (2015/16: Target performance = 8%; Actual performance = 22.53%). New initiatives which supported delivery of this outcome included the Zinio e-magazine service and the Borrowbox eAudiobook service which allow customers to download magazines and books at any time during the day, seven days per week.

The 2016/17 performance target for "*digital users*" has been increased to 20% to better reflect demand and service delivery successes in this area.

Activities for younger readers in 2015/16 included the summer reading challenge which encourages primary pupils to read for pleasure and participate in specially programmed

events such as arts and crafts activities and the Picture Book Film Club. Culture NL successfully secured £24,000 from the Film Education Fund to run storytelling workshops for pre-fives using film, drama and digital techniques. The programme will run for one year and can be delivered in libraries for individual families and through nurseries.

Library Services, and participation in specially organised events, supports individuals' health and wellbeing and contributes to improving literacy and attainment levels. For example, more than 2,350 children participated in the summer reading challenge.

• **Museums and Heritage**

Museums and Heritage Services also saw significant increases in the numbers of people visiting their facilities and engaging in museum learning experiences. In July 2015, Summerlee ran a 1940s inspired family fun day which attracted 4,500 visitors. Linked to WW2 commemorations, the event included dance performances, living history re-enactments and displays including a military tank and home front fire engine. Participants attending museums and heritage facilities and events include organised trips by nurseries and primary school pupils, families and retired and elderly groups and individuals.

Museum and archive collections are also being increasingly used for research and study purposes. The benefits of engaging in museum and heritage events include:

- educational opportunities for school pupils delivered using informative and interactive methods;
- social interaction and the opportunity to learn new learning skills for adults; and,
- improved health and wellbeing across all sectors of the community.

Again, the 2016/17 targets for museums and heritage facilities have been increased to reflect increased usage and service developments.

• **Play Services**

An important area for work within Play Services is to support and assist local community organisations in improving opportunities for children's play and physical activities within their own neighbourhoods. Community organisations are often able to attract external funding to provide new or refurbished play facilities and in 2015/16 the Service levered in an additional 82.27% on top of the total Play Services capital budget. This clearly supports the priority outcome, "*To improve the Council's resource base,*" whilst also making a significant impact on improving community capacity building and resilience and improving health, wellbeing and care in communities.

- 3.6. Based upon performance achieved in 2015-2016, Appendix 2 outlines the targets Culture NL are expected to achieve in 2016-2017 to support the Council in delivering its wider strategic priorities. As previously noted, North Lanarkshire Partnership Locality Plans will be operational during 2017-2018, therefore Culture NL targets may need further adjustment to reflect where they are supporting delivery of the strategic objectives referenced in paragraph 3.3 above whilst remaining true to the organisation's charitable purposes.
- 3.7. There is no actual performance presently shown in Appendix 2 against 2016-2017 target outcomes due to timing issues. However, such performance will, going forward, be reported to committee quarterly in line with the previously approved Performance Monitoring Framework.

4. Financial Performance

- 4.1. The Council provides both revenue and capital resources to Culture NL annually to deliver services which assist the Council in achieving its priority outcomes. In financial year 2015-16, the Council's contribution towards the charity's revenue and capital costs totalled £14.3m and £1m respectively. Appendix 3 further details the charity's financial position.

- 4.2. The Council's 2015/16 management fee of £14.3m (including Catering Contribution) represents 74% of Culture NL's income of £19.217m, with the balance of income being generated through the Catering Function (Community Interest Company – C.I.C.), the Charities Activities, external grant/project funding and return on investments as outlined within Appendix 3.
- 4.3. In finalising its accounts to 31st March 2016, the charity reported a year end revenue surplus of £0.477m before adjusting for pension costs in its unaudited accounts. Key points worthy of note regards the charity's 2015-2016 financial performance include managed underspends in property costs and an over-recovery of income largely due to the very successful Christmas parties and Pantomime.
- 4.4. The charity has still to approve its detailed revenue budget for 2016-17. However, it has approved its 2016-2019 Business Plans, which fully reflects required efficiency measures in financial year 2016-17 of circa £1.53m. This total includes the reduction in the council's management fee (£1.072m), which now equates to £13.192m. Details of the strategic and service delivery actions needed to achieve these savings are also noted within the charity's Business Plan, progress against which will be reported to future meetings of this Committee.
- 4.5. Turning to capital resources, the Council continues to spend NLC capital resources on properties managed by the charity. In financial year 2015/16, £0.900m was invested upgrading or building new libraries, facilities and play areas, replacing equipment and developing our museums.
- 4.6. In addition to this, the Council allocated £1.2m to Culture NL in 2015-16 to facilitate investment in 41 projects. These Projects ranged from simple stair tread replacement at £3,000 to full centre refurbishment at a cost of £125,000, with all spend assisting the Council, through the charity, to secure the sustainability of many facilities. The Council has awarded £1.4m to Culture NL for capital projects for financial year 2016-2017.
- 4.7. As noted in paragraph 4.1 above, Appendix 3 details the Charity's year-end financial position for 2015-2016. Members may wish to note that with year-end cash balances totalling £4.424m and a current ratio of 1.5 (figures in excess of 1 are good), Culture NL has sufficient assets available to meets its existing liabilities and attract credit from its regular suppliers.
- 4.8. The charity's performance against the 2016-17 revenue and capital resources noted above will be monitored throughout the year using agreed governance arrangements, and thereafter included within future monitoring reports to this committee.

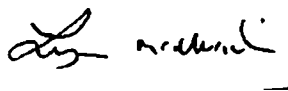
5. Governance Arrangements

- 5.1. Culture NL is a Non Profit Distributing Organisation (NPDO) managed by an experienced Board of 13 Directors drawn from diverse fields including public service, business, funding, marketing and the cultural sector, with all ultimately appointed by the Council.
- 5.2. The Board of Directors is responsible for ensuring that Culture NL services are delivered in accordance with the approved Services Agreement and charitable objectives. The Board meets on a bi-monthly basis to fulfil its governance responsibilities which include: operational delivery & management, staffing, financial control & reporting, health & safety, performance monitoring & reporting and risk management.
- 5.3. Whilst the Council places reliance on Culture NL's governance arrangements, its' Services Agreement with the charity also requires Culture NL to submit the information noted overleaf to the Council, so that officers can reference their assessment of these within performance reports to this committee.

- a. An annual draft operating or business plan;
 - b. Monthly management accounts which highlight the charity's financial position and, cash/bank balances;
 - c. Quarterly and annual performance monitoring reports; and,
 - d. Copies of the audited annual financial statements.
- 5.4. The Council also retains the right to inspect Culture NL records and premises and requires the charity to adopt financial regulations, contract standing orders, scheme of delegation, records management and risk management arrangements which satisfy the Council's assurance requirements.
- 5.5. Whilst Culture NL remains compliant with the Council's governance requirements, current resourcing issues have resulted in the charity not yet approving its detailed 2016-17 budgets. To ensure the charity receives financial information appropriate for decision making purposes, the Council has offered to increase financial support provided to the charity.
- 5.6. Future reports to committee will advise members of the status of the charity's governance arrangements, and will also briefly highlight Culture NL's top risks, and the plans in place to minimise the impact of these from both Culture NL and the Council's perspective.
- 5.7. Members may wish to note that Culture NL has established risk management and Health and Safety at Work arrangements in place. It's Risk Register is reviewed on a six monthly basis by both senior management and the Audit and Governance Group.

6. Recommendations

- 6.1. Members are asked to note Culture NL performance against:
- a. its approved performance targets for 2015-2016;
 - b. its charitable objectives and the Council's strategic priorities in 2015-2016; and,
 - c. its financial performance for financial year 2015-2016.
- 6.2. Members are also asked to:
- a. Approve the 2016-2017 performance targets outlined within appendix 2; and,
 - b. Identify areas of activity for further detailed reporting and consideration at future meetings of the ALEOs and External Bodies Monitoring Committee.



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Culture NL
Target Outcomes and Performance – 2015-2016

Area of Activity	Indicator & Frequency	Target Outcome/Purpose	2015-16 Target	2015-16 Actual	Comments	2016/17 Target
Creative Services	Number of customers engaging in community arts activities (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	32,847	25,504 R (below threshold)	Attendances in 15/16 are down 11% on 14/15 when attendances as part of the Commonwealth Games community arts activity programme are excluded. The downturn can be attributed to a drop in marketing support which has been addressed and sessional staffing recruitment and attendance issues which have also been addressed. The target for 16/17 is 25,909.	25,909
	Attendance at events at CultureNL venues (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	190,000	187,975 G (within threshold and on target)	Attendance at events at CultureNL venues has remained within threshold due to the quality of the programming on offer and popular seasonal events such as the pantomime and beer festival. Target will remain at 190,000 for 2016/17.	190,000
Libraries	Number of visits to libraries per 1,000 population (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	5,250	5,431 G (within threshold and on target)	Target has remained within threshold due to a number of issues including the opening of the new Wishaw library in the Houldsworth Centre, the opening of the new combined social space in Cleland library and the range of activities available across the service. The target for 2016/17 has been maintained at 5,250.	5,250

Culture NL
Target Outcomes and Performance – 2015-2016

Area of Activity	Indicator & Frequency	Target Outcome/Purpose	2015-16 Target	2015-16 Actual	Comments	2016/17 Target
	Number of digital users of library services as % of population (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	8.00%	22.53% B Blue (above threshold)	The continued increase in demand for digital services coupled with the roll-out of a number of new digital services such as eMagazine and eAudio book services has meant the target was consistently above threshold. The target has been increased in 16/17 to 20%.	20%
Play Services	Level of external funding acquired for play area development as a % of play services total capital budget. (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	74.68%	82.27% B Blue (above threshold)	The above threshold performance for this target was helped by the addition of an extra member of staff which allowed a greater number of projects to proceed to completion and an increase in the amount of external funding applications successfully submitted. The target for 2016/17 has been maintained at 74.68%.	74.68%
	Number of customers attending play events/activities (6 monthly indicator)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	7,341	11,387 B Blue (above threshold)	Attendances for play events exceeded target due to increasing demand from communities for free to access activities for children during holiday periods and from the events programme offered during October as part of the Encounters festival.	Activity withdrawn following determination of efficiency measures

Culture NL
Target Outcomes and Performance – 2015-2016

Area of Activity	Indicator & Frequency	Target Outcome/Purpose	2015-16 Target	2015-16 Actual	Comments	2016/17 Target
	Number of play events/activities run in a financial year (6 monthly indicator)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	46	47 G (within threshold and on target)	The events were concentrated in the summer and October school holidays. Additional supporting events were held within Summerlee Museum of Scottish Industrial Life to add additional value to the museum holiday period offering.	Activity withdrawn following determination of efficiency measures
	Number of people engaging in museum learning experiences (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	18,000	47,378 B Blue (above threshold)	This figure better explains the nature of museums & heritage usage by demonstrating the wide number of people who engage directly with staff in a learning experience in all aspects of the service, the target has been increased for 2016/17 to 45,000	45,000
Museums	Total number of usages of CultureNL museums & heritage facilities & resources (Quarterly)	Improve community engagement and increase opportunities for people to develop skills to improve life chances	195,000	346,094 B Blue (above threshold)	The increase in numbers shows social media and web engagement not previously recorded but also the community museums now have better methods of recording visitor numbers. The improved offer to customers, the high level of attendance at summer and Easter events and the improved data gathering processes have all contributed to an improved performance in this indicator. The target has been increased for 2016/17 to 320,000.	320,000

Culture NL
Target Outcomes and Performance – 2015-2016

Area of Activity	Indicator & Frequency	Target Outcome/Purpose	2015-16 Target	2015-16 Actual	Comments	2016/17 Target		
Community Facilities	Total number of bookings in community facilities (Quarterly)		69,105	60,890 R (below threshold)	The closure of a number of properties for refurbishment at various times during the period coupled with the transfer of the Janet Hamilton Centre has impacted on the target. The target for 2016/17 has been reduced to 59,000.	59,000		
Community Facilities	Total number of bookings in schools (Quarterly)		48,384	43,412 R (below threshold)	A number of pitch cancellations during prolonged periods of adverse weather, alongside reduced bookings to some pitches, have impacted on the target. The target for 2016/17 has been reduced to 40,500.	40,500		
	Total number of people attending bookings in community facilities (Quarterly)		1,006,996	1,093,791 G (within threshold and on target)	The within threshold performance of this target can be attributed to the increased focus on standards of facilities, promotion of facilities and the renewed focus on monitoring accuracy of returns from site. The target has been maintained at 1,006,996 for 2016/17.	1,006,996		
% Cumulative RAG Status	R - Red (below threshold)	25%	A - Amber (within threshold but below target)	0%	G - Green (within threshold and on target)	33%	B - Blue (above threshold)	42%

Culture NL Performance Indicators and Target Outcomes 2016-2017

Area of Activity	Indicator and Frequency	Target Outcome/Purpose	2016/17 Target	2016/17 Q1 Actual	2016/17 Actual YTD	Variance +/-	Comments
Improved economic opportunities and outcomes							
All	Number of Modern Apprenticeships (Annual)	CultureNL will continue to employ Modern Apprentices and also seek to employ specialist externally funded trainee posts e.g. Archives Trainee	3			+/- 1	Annually CultureNL aims to employ at least 3 apprentices/trainees depending on the skills base required.
Improving the health, wellbeing and care of communities							
Creative Services	Number of customers engaging in community arts activities (Quarterly)	Increase opportunities for people to develop skills to improve life chances and engage in cultural activity	25,909			+/- 3%	Quarterly performance will fluctuate due to the seasonal nature of programming. e.g. numbers will increase in Q3 when Encounters Festival takes place, and reduce in other quarters (e.g. Q2) when a lighter summer programme operates.
	Attendance at events at Culture NL venues (Annual)	Increase income levels and increase participation in cultural and arts activities	190,000			+/- 5%	As above, attendance will fluctuate through the year – e.g. figures will be higher when the pantomime takes place, and reduced in other quarters e.g. Q2 when a lighter summer programme operates.
Libraries	Number of visits to libraries per 1,000 population (Quarterly)	Increase opportunities for people to develop skills to improve life chances and engage in cultural activity	5,250			+/- 3%	2016/17 target kept at 2015/16 level to reflect service rationalisation
	Number of digital users of library services as a		20%			+/- 5%	The launch of new digital services e.g. e-magazines and e-books, along with increased use

Culture NL Performance Indicators and Target Outcomes 2016-2017

Area of Activity	Indicator and Frequency	Target Outcome/Purpose	2016/17 Target	2016/17 Q1 Actual	2016/17 Actual YTD	Variance +/-	Comments
	% of population						of Personal Access Computers (PACs) contributes to the growth within this target
Museums	Number of people engaging in museum learning experiences (Quarterly)	Increase opportunities for people to develop skills to improve life chances and engage in cultural activity	45,000			+/- 5%	Quarterly performance will be higher in some quarters e.g. Q1 when many school visits take place, and reduced in other quarters e.g. Q2 when school summer holidays are scheduled
Museums	Total number of usages of Culture NL museums & heritage facilities & resources	Increase opportunities for people to develop skills to improve life chances and engage in cultural activity	320,000			+/- 5%	Improved offer to customers, high level of attendance at events and improved data gathering processes all contribute to the performance of this indicator
All	Energy efficiency	Increase efficiency, contribute to Green agenda and save money	£32,000 annual reduction in costs			+/- 5%	Working with NLC energy unit across CultureNL we aim to reduce energy costs by £32,000
Improving relationships with communities and the third sector							
	Total number of bookings in community facilities (Quarterly)	<ul style="list-style-type: none"> • Increase income levels • Support community participation 	59,000			+/- 3%	
	Total number of bookings in schools (Quarterly)	<ul style="list-style-type: none"> • Increase income levels • Support community participation 	40,500			+/- 3%	Bookings' performance will vary across the year e.g. Q2 will be low when school summer holidays are scheduled

Culture NL Performance Indicators and Target Outcomes 2016-2017

Area of Activity	Indicator and Frequency	Target Outcome/Purpose	2016/17 Target	2016/17 Q1 Actual	2016/17 Actual YTD	Variance +/-	Comments
	Total number of people attending bookings in community facilities (Quarterly)	Support community participation	1,006,996			+/- 3%	Increased promotion and increased focus on standards of facilities contribute to the success of this target
Improving the Council's resource base							
Play Services	Level of external funding acquired for play area development as a % of play services total capital budget (Annual)	<ul style="list-style-type: none"> • Improved facilities • Lever in external resources to improve the Council's resource base • Increased physical activity by children 	74.68%			N/A	With a restricted number of eligible funding streams available to Play Services the success of this target is dependent on the number of projects being developed and competition for funding

Culture NL Financial Performance

Income & Expenditure	2015-16 Actual	2014-15 (Actual) Comparator	Commentary
NLC Management Fee	14,214,305	13,845,667	No reduction to 2015/16 management fee, with 2015/16 cost pressures also met per initially approved business plan. Going forward, 2016/17 management fee is reduced by £1.072 million, with charity required to self-fund cost pressures.
Charitable activities income generation	3,311,312	3,454,942	Income slightly reduced in 2015/16 due to the number of facilities closed to enable investment and refurbishment to be programmed
Other trading activities	131,690	116,728	
Trading Activities	1,535,861	1,506,516	The catering trading arm continues to develop thus reducing subsidy levels from those initially required/approve in 2013 Business Plan
Investments	23,467	14,364	Interest gained
Total Incoming Resources	19,216,635	18,938,217	Organisation continues to increase income year on year
Expenditure on:			
Charitable Activities	17,151,534	17,284,479	The £17,151,534 does not include pension costs (FRS 17) adjustment for £961,000 in 2015/16
Trading Activities	1,535,861	1,506,516	
Other	51,874	74,452	
Total Resources expended	18,739,269	18,865,447	
Net Movement in Funds	477,366	72,771	The surplus of £477,366 results in a deficit of -£483,634 once the pension costs of £961,000 (FRS 17) adjustment is made

Culture NL Financial Performance

Indicator	2015-16 Actual	2014-15 (Actual) Comparator	Commentary
Cash	4,424,020	3,442,856	Adequate cashflow available to meet obligations. Culture NL uses NLC Treasury Management Team to ensure cashflow operates at optimum levels.
Current Ratio	1.5	1.5	Ratio in excess of 1 is good as this indicates the charity has scope to convert assets to cash in order to meet any current liabilities/obligations
Trade Debtors	1,784,578	1,849,350	25% paid within 14 days, 50% within 30 days, 85% within 60 days, and 91% within 120 days. Whilst our standard payments terms are 14 days, 91% at 120 days is a positive result. CultureNL utilises NLC Finance section for processing invoices.
Trade Creditors	4,125,359	3,459,517	Culture NL and NLC Creditors Section will develop a performance reporting mechanism which shows the % of invoices paid within 30 days. This will provide members with assurances on the cash flow capacity of Culture NL, its ability to secure credit from suppliers and its contribution to supporting the local economy by prompt payment of invoices.