

REPORT TO: Executive Board
DATE: 28th March 2013
REPORTING OFFICER: Strategic Director, Communities
PORTFOLIO: Neighbourhood, Leisure & Sport
SUBJECT: Catalyst Science Discovery Centre
WARD(S) Riverside

1.0 **PURPOSE OF THE REPORT**

1.1 The purpose of this report is to inform Members that the Catalyst Science Discovery Centre is seeking a loan from the Council to support the continued operation of the facility.

2.0 **RECOMMENDATION: That the Board approves the provision of a loan of £30,000 subject to the Science Discovery Centre meeting the conditions set out in section 7 of the report.**

3.0 **SUPPORTING INFORMATION**

3.1 Catalyst Science Discovery Centre is the only science discovery centre in the UK with chemistry as its central theme.

3.2 Members will be aware that in the past Catalyst has struggled to balance its expenditure with the income it received.

3.3 Catalyst has been coming to terms with a change in the funding environment (both from the public and private sector). However, with the arrival of the current Chief Executive, Catalyst has started to become a more viable business and with the right kind of offer could in the future begin to operate in a sustainable way.

3.4 Catalyst has submitted a Business Plan to the Council which sets out what the organisation seeks to achieve over the next 5 years, whilst avoiding the weakness of its previous funding strategy. The Business Plan is available for inspection but in summary it focuses on 4 areas:

- Cost Control
- Capital Grants
- Income Generation
- Maintaining existing levels of sponsorship

3.5 Regarding cost control, the Catalyst has reduced its salary costs by

15%. Overall, the Catalyst has reduced expenditure by 9%. Whilst this figure is modest, the Catalyst has secured capital grants which it is anticipated will assist in further reducing its expenditure. Income generation is at the core of the Business Plan and this comprises:

- Increasing visitor numbers from 26,000 to 38,000 by 2018;
- Increasing the dwell time of visitors;
- Growing conference business;
- Growing and strengthening links across the industrial scientific and academic community;
- Enhancing the education offer;
- Capturing new heritage opportunities within Halton.

3.6 The Business Plan goes into more detail about how the above will be achieved. However, key points to make are visitor numbers are rising notable as a result of targeted marketing campaigns, a change in emphasis in regard to the product and services provided by the museum, as well as a closer alignment with the needs of schools and businesses.

3.7 The Catalyst proposes to utilise any potential loan from the Council to consolidate and further develop these activities.

4.0 **POLICY IMPLICATIONS**

4.1 In considering a request for a loan, the Council has a responsibility to ensure that its resources are deployed efficiently and effectively and in the public interest.

4.2 In order to meet these requirements, the Council requested that the Catalyst Discovery Centre provided its audited accounts to March 2012.

4.3 The Catalyst also provided a detailed cash flow analysis which picks up the last 6 months of trading and also forecasts the next 6 months. This information also sets out a number of assumptions made, including sensitivity analyses which evaluate visitor trends, comparable facilities, and evidence of tighter budgetary control.

5.0 **OTHER/FINANCIAL IMPLICATIONS**

5.1 The risks associated with offering a loan to the Catalyst Science Discovery Centre are set out in section 7 of the report, however, Members are advised that whilst there are risks to the Council in providing the loan, the recommendation to Members to offer the loan is based on the following:

- Catalyst has provided detailed cash flow analysis which picks up the last 6 months of trading and a forecast of the next 6 months

of trading. Whilst margins are tight, there is evidence to demonstrate that the current Chief Executive is turning around the business and the improvements are set to continue.

- The Catalyst Science Discovery Centre plays a wider role in supporting the Borough's Visitor Officer.
- It offers indirect benefits to our Open Spaces amenities adjacent to the Museum.
- There are no immediate sustainable options for the future use of the building.
- The costs of closing and or maintaining the building would exceed the loan amount.
- The Mersey Gateway development presents opportunities for the Catalyst and the Council.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

Catalyst Science Discovery Centre plays an important role in advising young people on the key role that the Borough played in the birth of the industrial revolution. However, it also plays a contemporary role in providing a link between the curriculum and future job opportunities and careers in the science sector.

6.2 **Employment, Learning & Skills in Halton**

As outlined in 6.1 above.

6.3 **A Healthy Halton**

None identified.

6.4 **A Safer Halton**

None identified.

6.5 **Halton's Urban Renewal**

The Catalyst Science Discovery Centre contributes to a diverse visitor offer in the Borough, which assists in making the borough an attractive place in which to invest, live and or work.

7.0 **RISK ANALYSIS**

7.1 There is a risk to the Council that the loan would not be paid back at all or in full. However to reduce this risk, it is proposed that the loan is paid in two instalments:

Instalment 1: £15,000 would be paid on 1st April 2013.

Instalment 2: would be paid on 1st July 2013.

7.2 Payment of the second instalment would be triggered by Catalyst meeting the cash flow targets as outlined above for the period April-June 2013. Furthermore, the Council would offer work shadowing/mentoring support during the period. If Members were to agree the loan, repayment would commence in September 2013 and would be repaid over a 3 year period. A report on progress would be submitted to the Executive Board in October 2013.

7.3 In addition, the Council would explore, as part of our loan conditions, the potential to recoup a return on the Council's investment through a profit share arrangement.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 There are no Equality and Diversity issues arising from this report.

9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

A business plan has been provided by the Catalyst Science Discovery Centre. Further details can be obtained from W Rourke, 5th Floor Municipal Building, Widnes, WA8 7QF.