

# REPORT FOR DECISION

**MEETING:** CABINET  
**DATE:** 28th NOVEMBER 2012  
**SUBJECT:** INDEPENDENT REVIEW OF CIVIC VENUES  
**REPORT FROM:** CABINET MEMBER LEISURE, TOURISM & CULTURE  
**CONTACT OFFICER:** S. Kenyon (Assistant Director of Resources)  
N. Long (Assistant Director – Operations)

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**TYPE OF DECISION:** NON-KEY DECISION

**FREEDOM OF INFORMATION/STATUS:** This paper is within the public domain

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**SUMMARY:** This report presents Members with the findings of an independent review into the operation of the Civic Halls.

The report summarises work undertaken, key findings, and the Council's response to recommendations made.

**OPTIONS & RECOMMENDED OPTION**

Cabinet are requested to;

- note the findings of the PWC review;
  - approve the action plan developed in response to recommendations.
  - set up a Management Group to take forward the action plan and look at wider options to increase usage;
  - Report back to Cabinet on progress in 6 months
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**IMPLICATIONS:**

**Corporate Aims/Policy Framework:**

Do the proposals accord with Policy Framework? Yes.

**Statement by s151 Officer:**

The report concludes that the current business model operated by the service is unsustainable, given the level of subsidy required.

The report outlines a number of actions aimed at improving this position. These actions should be fully evaluated before implementation, and monitored on a continuous basis.

Any resulting changes to the budget should be by agreement with the s151 officer.

**Statement by Executive Director of Resources:**

In responding to this report, the service needs to be mindful of the Council's wider Asset Management Strategy.

Any proposed IT development, e.g. development of on-line bookings should be done in full consultation with the ICT Division.

**Equality/Diversity implications:**

Full equality / diversity assessments will be undertaken as specific proposals are developed.

**Considered by Monitoring Officer:**

Yes (JH)

**Are there any legal implications?**

Not at this stage

**Wards Affected:**

All

**Scrutiny Interest:**

Overview & Scrutiny

**TRACKING/PROCESS**

**EXECUTIVE DIRECTOR:**

Executive Director, Environment & Development Services

Chief Executive/ Strategic Leadership Team	Executive Member/Chair	Ward Members	Partners
24th September 2012			
Scrutiny Commission	Cabinet	Committee	Council
	28th November 2012		

## 1. **INTRODUCTION**

1.1 The Civic Venues have been subject to considerable financial pressure for a number of years, the PWC review highlighted a required subsidy of £798,000 in 2010/11. Financial performance for the last three years is summarised below;

	<b>2009/10</b> <b>£</b>	<b>2010/11</b> <b>£</b>	<b>2011/12</b> <b>£</b>
Income	(968,900)	(961,000)	(1,013,400)
Expenditure	1,252,900	1,376,000	1,270,400
<b>Trading Subsidy</b>	<b>284,000</b>	<b>415,000</b>	<b>257,000</b>
Exceptional Items (works)	0	138,000	0
Overheads	263,000	245,000	301,000
<b>Total Subsidy</b>	<b>547,000</b>	<b>798,000</b>	<b>558,000</b>

1.2 The Venues operate in a very competitive market locally, and have suffered from declining usage influenced in part by the wider economic recession.

1.3 Two very active "Friends of" groups exist, and whilst they strongly support the continuation of the service, user satisfaction is low (albeit on an acknowledged small sample).

1.4 A number of internal reviews have taken place in recent years and despite implementing changes from these reviews, improvements have been difficult as the current market and economic conditions remain very challenging.

1.5 The Council has committed to an independent review in order to;

- Identify underlying issues with the service
- Develop a sustainable business model going forward
- Propose a combination of short and long term options to achieve this
- Improve upon the level of subsidy required at present
- Improve user satisfaction

1.6 The Leadership has a well documented track record of Public Consultation; this was therefore a key strand of the review.

1.7 The review has been undertaken independently by Price Waterhouse Coopers (PWC) utilising service credits – i.e. no "cash" cost to the Council.

1.8 This report summarises the findings of the PWC review, and develops an action plan in response to the recommendations made.

The full report from PWC is attached at **Appendix A**.

## 2. REVIEW FINDINGS

### Consultation

2.1 11 meetings were held with stakeholder groups including;

- Representatives from management of the venues
- Friends of Ramsbottom Civic Hall
- Longfield "Save our Suite" Lobby Group
- Event organisers
- The Business Community
- A selection of "non-users"
- Councillors & Officers

2.2 The responses received are summarised by category below.

### Review of Usage

2.3 The review team undertook a statistical review of usage levels at the four venues; overall usage was assessed to be 17% (based upon a notional 15 hour day)

2.4 The review confirmed that usage was declining (with the exception of the Longfield Suite).

2.5 Usage of the Ramsbottom and Radcliffe venues was low.

2.6 Particular periods of low usage were identified – e.g. Tuesdays.

### Financial Assessment

2.7 The review highlighted that the four venues combined operated at a trading deficit of £415,000 in 2010/11; increasing to £798,000 after taking account of overheads / one-off works.

2.9 None of the venues delivered an operating surplus.

2.10 Financial performance for 2010/11 was considered in the review and is summarised in the table below;

	<b>Elizabethan Suite</b>	<b>Ramsbottom Civic Hall</b>	<b>Longfield Suite</b>	<b>Radcliffe Civic Hall</b>	<b>Shared</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income	(331,000)	(76,000)	(348,000)	(203,000)	(3,000)	(961,000)
Expenditure	400,000	110,000	430,000	296,000	140,000	1,376,000
Trading Subsidy	69,000	34,000	82,000	93,000	137,000	415,000
Exceptional Items (works)	0	138,000	0	0	0	138,000
Overheads	0	0	0	0	245,000	245,000
Total Subsidy	69,000	172,000	82,000	93,000	382,000	798,000

- 2.11 The review team concluded that there was limited scope to address the costs of the service; the key to reducing the deficit would be to increase usage / turnover.
- 2.12 Based upon a notional 15 hour day, the venues are currently operating at 17% utilisation. The review concludes that if the service is to break-even, then an average utilisation rate of 38% is required – more than double current usage levels.
- 2.13 The operation of the bars appears strong as they generate a surplus (equivalent to an average 44% of turnover). Further work is required to establish why the bars at Ramsbottom (28%) and the Longfield Suite (40%) perform less well.
- 2.14 A marginal return is achieved on the catering offer (3% of turnover), and this is predominantly from the Elizabethan Suite. This fact, along with the views of users below indicates that catering provision needs to be addressed.

#### Marketing & Publicity

- 2.15 The report concludes that the venues are well known in each Township, however more could be done to promote the facilities to a wider audience.
- Venues should try to identify niche markets, e.g. antique fairs / “Longfield Live”
  - There should be a dedicated website allowing on-line booking, virtual tours, clear information about what is on offer.
  - Use of email and twitter to promote future events to the existing client base, and as a means to further extend the client base
  - Website should showcase forthcoming events

#### Pricing Structure

- 2.16 The survey highlighted a number of issues with the pricing structure, as follows;
- Concerns were raised about the use of private “promoters” who book the facilities, then arrange an event and charge for admission / tickets. The Council’s view of this is clear – in that promoters are bearing the risk as to whether events are successful or not; this is not a risk the Council wishes to bear. It is accepted that the hire charges promoters pay need to be reviewed as a matter of urgency, and possible risk sharing models should be explored.
  - Hire charges are perceived to be expensive, and the charging schedule is overly complicated and opaque.
  - Venues should promote short term bookings – 1 or 2 hours. This is not currently offered, however presents an opportunity as short term bookings are not available in competing venues.
  - Examine the potential for the effective marketing of “late availability” offers.

#### Catering

- 2.17 During the consultation, a number of respondents raised issues with the catering available in the venues;

- The fact that users cannot arrange their own catering deters bookings
- Issues from some with the quality of catering on offer
- Food is perceived to be expensive
- The charging methodology is overly complicated

### Condition of Venues

2.18 Interviewees were asked about the general condition of the venues;

- The venues were thought to be cleaned to a good standard
- Generally staff were felt to be helpful and cooperative
- Décor was felt to be below par, however this was not deemed to be a factor in putting users off; pricing and catering were perceived to be more important.
- Flexibility of room sizes was raised as an issue.

2.19 Management of Venues

- The role of Bury Venues in terms of the management structure needs to be clarified.
- There is an option to establish a company to carry out the management of the Halls on an "arms length" basis.
- There are options for shared strategic management through to a full organisational merger.
- Co-location; The Council's Asset Management Strategy stresses the importance of maximising the use of all public buildings. The Civic Venues should explore any opportunities to share facilities with other users and hence develop multi-use sites.

## **3. WAY FORWARD**

3.1 The report proposes three different ways forward for the Council;

- Assuming continued ownership & operation of the facilities
- Outsourcing / selling one or more of the venues
- Total Closure

3.2 The report then outlines a number of service delivery options as follows;

- Framework Agreement
- Outsourcing
- Collaboration Models
- Other Alternative Service Delivery Models

3.3 It is clear that a great many financial and operational challenges remain. The venues themselves suffer from legacy issues of low investment and the conflict between a commercial versus community service ethos. The threat of 'use it or lose it' message has not got through to the public. The venues could benefit from developing a wider audience which are not associated with simply commercial activities. The cultural offer across Bury continues to be broadened, led in part by initiatives from The Met. Working more closely with the culture providers could provide a programme with broader appeal leading to improved patronage.

- 3.4 In order to explore the cultural and leisure opportunities and broaden the offer it is proposed that a Management Group is established to include representatives from the Council, stakeholder organisations and Chaired by the Director of "The Met". This should provide focus and leadership and will run alongside those proposals set out in the Action Plan at Appendix B.
- 3.5 A further opportunity exists to review management and staff structures across similar leisure and cultural areas to maximise resources; reduce running costs and improve creativity going forward.

#### **4. CONCLUSIONS**

- 4.1 Whilst the Council recognises the importance of the Civic Venues to users and residents of the Borough, it is clear that continuing with the current levels of subsidy and format for the service is not sustainable;
- Economic conditions show no sign of improvement
  - Usage is declining
  - User satisfaction is low
- 4.2 The Council is committed to exploring a range of options to turn the service round, increasing the value to the community, and reducing the level of subsidy required.

#### **5. ACTION PLAN**

- 5.1 An action plan has been developed based upon the feedback from users, and the findings of the review.
- 5.2 The action plan is attached at ***Appendix B***.
- 5.3 Progress against the action plan will be closely monitored throughout the year through regular "Portfolio Meetings", and an assessment of its impact / success will be undertaken after a period of 18 months (April 2014), with a progress report to Cabinet after 6 months of commencing the Action Plan.

#### **6. RECOMMENDATIONS**

- 6.1 Members are requested to note the findings of the review; Appendix A.
- 6.2 Members are requested to approve the action plan outlined at Appendix B.
- 6.3 Members agree to set up a Management Group as identified in para 3.4.

**Steve Kenyon**  
**Assistant Director of Resources (Finance & Efficiency)**

**Neil Long**  
**Assistant Director (Operations)**

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#### ***Background documents:***

Full report attached

***For further information on the details of this report, please contact:***

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**Civic Venues – Response to PWC Report / Action Plan**

<b>PWC Recommendation</b>		<b>Council Response</b>	<b>Detailed Action</b>	<b>Responsible Officer</b>	<b>Timescales</b>	
					<b>From</b>	<b>To</b>
1	The Council should look to review margins and simplify the pricing structure.	Agreed.	<p>The pricing structure will be reviewed from scratch, with the aim of making it;</p> <ul style="list-style-type: none"> <li>• Transparent</li> <li>• Understandable</li> <li>• Simple to operate</li> </ul> <p>This exercise will commence immediately in conjunction with response (5) below.</p>	<p>Head of Civics &amp; Leisure Catering</p> <p>(supported by Head of Finance, EDS)</p>	December 2012	March 2013
2	The Council should consider removing the higher charges for the use of external caterers	Agreed.	This will be trialled for new bookings for 3 months, and monitored to see whether there is a beneficial impact on booking numbers	Head of Civics & Leisure Catering	December 2012	March 2013
3	Consideration should be given to rationalising the catering service to the Elizabethan Suite only	Agreed.	<p>The financial analysis would suggest that catering is only viable at the Elizabethan Suite.</p> <p>Before this recommendation is implemented, more detailed analysis needs to be undertaken to</p>	<p>Head of Civics &amp; Leisure Catering</p> <p>(supported by Head of Finance, EDS)</p>	December 2012	March 2013

			<p>assess the impact on bookings at other sites.</p> <p>This needs to be considered in the light of 2 above.</p>			
4	A Base Budget review should be undertaken	Agreed.	<p>The budgets of the service need to be reviewed, however within the current cost threshold. It is not an option to transfer more funding into the service; instead the service needs to take positive action to reduce the level of subsidy it presently requires.</p> <p>The revised budget also needs to take account of action points in this response.</p>	<p>Head of Civics &amp; Leisure Catering</p> <p>(supported by Head of Finance, EDS)</p> <p>Sign off as robust – s151 officer</p>	February 2013	April 2013
5	A review of marketing & sales should consider the option to develop this function in conjunction with a specialist partner	Agreed.	<p>The comments in respect of marketing, booking systems, and the website are all acknowledged.</p> <p>The Council has given a commitment that it will not explore out-sourcing options.</p> <p>However the option of collaboration with a third</p>	Assistant Director (Operations)	December 2012	March 2013

			<p>party will be explored further.</p> <p>It is essential that any partnering arrangement must demonstrate clear benefits to the Council.</p>			
6	Further work should be undertaken by the Council to explore the options for capital investment	Defer	<p>The Council has examined this in previous reviews, and there is no clear evidence that capital investment translates into increased bookings.</p> <p>This is borne out by the experience from Ramsbottom, where bookings have declined, despite significant investment.</p> <p>From the survey conducted by PWC, it was clear that marketing, pricing and catering were bigger factors than the standard of décor.</p> <p>The Council therefore proposes to address these factors first.</p>	No action at this stage	n/a	n/a
7	Option to engage with a development partner or third party to help improve catering.	Agreed.	As outlined at (5), this will be explored further.	Assistant Director (Operations)	December 2012	March 2013

8	Reconsider the long-term options for management & operational running of the Civic Halls.	Agreed.	<p>The Council recognises the importance of the venues to users and the local community, however the level of subsidy the service requires is not sustainable in the current climate.</p> <p>Equally it is accepted that the service is not fulfilling the expectations of all users.</p> <p>“Do Nothing” is no longer an option, and alternative service delivery models must be explored.</p> <p>Outsourcing is not an option, however partnering and / or self management arrangements will be pursued.</p>	Assistant Director (Operations)	January 2013	March 2013
9	The longer term option of closure needs to be assessed on a case by case basis taking account of potential redundancy costs, impact on overheads, and community impact	Agreed.	<p>Closure is not an option at this stage.</p> <p>Initiatives around pricing, marketing and catering need to be given</p>	No action at this stage	n/a	n/a

			<p>time to develop and be implemented.</p> <p>Equally, any proposed partnering / self-management arrangements need time to prove themselves and will require support from the Council to be successful.</p>			
10.	Co-location – Proactively explore any opportunities to co-locate with other Council or Partner services into Bury Civic Venues	Agreed	Market the facilities to other departments and partners	Bury Venues Management	November 2012	On-going
11.	Set up a Civics Management Group	Additional Proposal	<p>Establish terms of reference</p> <p>Agree reporting timetable</p>	Assistant Director (Operations)	October 2012	January 2013
12.	Venues Management	Additional Proposal	<p>Establish terms of reference</p> <p>Agree reporting timetable</p> <p>Explore the opportunity to integrate Venues Management across similar leisure and cultural areas to increase opportunities to widen the scope of activities taking place in venues.</p>	Assistant Director (Operations)	October 2012	January 2013

			Ultimate aim to reduce the financial subsidy required and improve community value.			
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