

TOURISM, COMMUNITIES, CULTURE & LEISURE COMMITTEE**19 September 2024**

REPORT TITLE:	FLORAL PAVILION – FUTURE OPERATIONAL MODEL DEVELOPMENT
REPORT OF:	DIRECTOR OF NEIGHBOURHOOD SERVICES

REPORT SUMMARY

This report provides members of this Committee with an update position and proposed next steps relating to the Floral Pavilion Theatre & Conference Centre in New Brighton, following Committee’s decision on 7 March 2024 to (in summary)

1. Continue to operate the Floral Pavilion as a Council asset for the 2024/5 financial year within a net operational budget of £500,000, whilst identifying & implementing any efficiency, operational savings or increased income opportunities
2. Implement immediate efficiency measures relating to internal catering model, improved programming and a reduction in agency workers.
3. Appoint an external consultant to carry out an options appraisal including any alternative operating model.

This report meets the following priorities in the Council Plan 2023-2027.

- Safe, resilient and engaged communities.

This is not a Key Decision and affects the New Brighton Ward.

EXEMPT INFORMATION

Appendix 1 to this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 ‘Information relating to the financial or business affairs of any particular person (including the authority holding the information).’

RECOMMENDATION/S

The Tourism, Communities, Culture and Leisure Committee is recommended to:

- (1) note and endorse the findings and recommendations of the Place Culture Report consultant report; and
- (2) authorise the Director of Neighbourhood Services to:

(a) present a finalised Outline Business Case to this Committee based on the four options outlined in this report in early 2025 for a decision on a preferred option

(b) establish the status of the Floral Pavilion in relation to its value, implications for the regeneration of New Brighton and the wider Wallasey area, and any impacts of the Council's implementation of the Corporate Landlord Model.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

1.1 The Committee is asked to approve the recommendations for the following reasons:

Operational Budget

1.2 The operational net subsidy for 2024/5 has been set at £500k and the budget monitoring work to date shows that the Floral is on track to achieve this target. Work on this will continue in order to ensure that the service is delivered within budget.

Efficiency Measures

1.3 Good progress has been made on the implementation of efficiency measures, with staffing savings of c.£130k and reductions in the use of agency worker costs month on month, both of which are reflected in the current forecast outturn. Work is progressing to assess the use of self-service ticket machines to reduce the costs associated with the box office. Other efficiency opportunities, as and when identified are also being progressed within the service. Work on this will continue in order to ensure that the service is delivered in line with the planned efficiency measures.

Commissioned Study by Place Culture

1.4 An outline of the consultant brief is included in Section 3.2. The full consultant report is attached as an appendix to this report. The recommendations within the report provided by them, if endorsed by the Committee, will assist with the development of an Outline Business Case .

Development of Outline Business Case (OBC)

1.5 The OBC will review the findings, benefits and outcomes of the consultant report and propose a way forward. This includes:

- A review of each of the four identified options to determine:
 - Cost modelling to include income, expenditure and maintenance liabilities;
 - Social value impact;
 - Implications for the Corporate Landlord Model; and
 - Implications for Marine Promenade Masterplan.
- The social and community outcomes and benefits of creating and Arts and Cultural Hub and how this would impact the wider regeneration plans within New Brighton. This would include any proposals on public or other consultation exercises.

1.6 The Council aspires to protect insofar as possible all of its frontline services and create a sustainable future for the communities that use them. The move to develop an Arts and Cultural Hub for Wirral can deliver a revitalised future for a number of its asset-based services, contribute to local regeneration plans, strategic priorities, and

make the venue the heart of a hyperlocal urban and coastal community. Financial stability can be achieved in line with the Council's Medium Term Financial Plan with modest investment, a revision of the operating model and without wholesale structural change. Closure of services is not a preferred option as a consultation with residents in 2018 demonstrated the value of the venue with 70% of residents expressing that they felt it important that the Floral Pavilion remained a community asset.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 On 7th March 2024, five options were presented to this Committee on the future model for the Floral Pavilion. These options were to continue to operate the floral as a council asset (recommended option), full closure and ceasing all services, partial closure whilst retaining the Theatre & Bar only, redevelopment via asset & service consolidation, commercial redevelopment - investment of the existing asset.
- 2.2 Following the March 2024 committee and the consultant report the options have now developed into:
- A. Existing model operating with a maximum £500k council subsidy (Council).
 - B. An Arts & Cultural Hub (Council + commercial + community).
 - C. An Alternative Delivery Model (commercially operated service); and
 - D. Service Closure
- 2.3 No other options are being considered at this stage. The four options outlined above will be reviewed, assessed and developed utilising a recognised five case business model to develop the OBC and determine a final recommended option which will be presented back to committee to approve.

3.0 BACKGROUND INFORMATION

- 3.1 At the March 2024 meeting of this Committee, it was agreed that the Floral Pavilion would continue to operate as a council asset for 2024/5 financial year within a net operational budget of £500k, whilst options were explored for the potential future of the service.
- 3.2 Committee also agreed that a consultant be appointed to undertake a broad feasibility study to evaluate a range of these options including service / asset development, short term savings measures, cessation of the service or transfer of the service to an alternative operating model. A consultant was appointed through the Council's procurement process to undertake this work with the remit of :-
- Engaging with the commercial theatre sector, charities and / or other groups who see a vision for the Floral Pavilion and may be willing to operate it.

- Investigating the opportunity to create a Charitable Trust for the purpose of operating the Floral Pavilion.
- Exploring the market viability for designing & developing an Arts & Cultural Hub Model and potential alignment to the corporate strategies within the Council Plan.
- Investigating the option of closure or mothballing of the venue.

Recommendations of Place Culture Report

3.3 The evaluation returned the following recommendations:

- That, as a priority the Council should consider the integration of complementary services and development of new services within the asset to create an Arts & Cultural Hub for Wirral. Examples of such services could include a new Library, Youth Services, Community & Family hubs, Adult & Children's support, as well as creating warm spaces impacting health, wellbeing, and fitness.
- There are no venues of this kind in the Borough and many other Councils have already created, or are considering this approach (examples include Chester Storyhouse, HOME in Manchester, The Edge Theatre & Arts Centre in Manchester, Venue Cymru in Llandudno).
- Business Growth – increasing capacity & a new sales strategy – booking fees & levies, a new audience, membership growth & conferencing.
- To consider the catering offer to be run as a trading subsidy or outsourced. This is currently operated in house as a loss-making service.
- Creating a hybrid governance model to include management, charity & trading functions.

3.4 The Place Culture report highlighted that libraries nationally are under threat from a declining visitor base (down 52% since 2010), out of date building stock and changing trends, with lending in libraries also dropping by 63%. The Council currently spends £3.2m on its provision of library services, many of which are in outdated standalone assets and with limited connectivity to a broad spectrum of transport links and consequently, not maximising their potential.

3.5 The Place Culture report outlines that the main benefits of the combined co-location of services are to enhance outputs by increased scale, easier locations, and crossover. The development of an Arts & Cultural Hub would create new horizons for social benefit, a 'cultural heart', opportunities for outreach, and increase efficiencies. It could increase footfall to 404,000 into New Brighton (currently 285k) with new commercial opportunities, complimenting the Marine Promenade Masterplan and providing additional opportunities for funding.

3.6 The Place Culture report also highlights the scope and opportunity within the venue to increase capacity, review the current levies and booking arrangements to create a universal charge which would increase revenue, not currently applied in all cases. Increasing the conferencing to 312 conference-type events, reported to potentially achieve £256k gross profit and a £85k increase in revenue (up from £183k

currently). The report also stated that development of a member scheme, with tiered membership with the review of fees and offers should also be given consideration with the potential to generate income of £3,500 in the first year to £11,000 in year three. It also points to an opportunity to increase existing volunteers to support a new Arts & Cultural Hub, supporting increased footfall, community engagement, leading on projects, and supporting an out-of-hours library offer within the Floral.

- 3.7 The Place Culture report also provides for the opportunity to develop new audiences and better market penetration, noting that 89% of current audiences are within a 30-minute drive, with a quarter 'hyper-local' (65k) to the Floral. It indicates that there is significant scope for new markets with "Gen X" and "Millennials" being the new and future audience, who have different attitudes to programmes and quality of the experience.

Council considerations

- 3.8 The recommendation to develop an Arts & Cultural Hub would support the Council Plan and its priorities to deliver high quality efficient universal services to all, which are cost effective, efficient, and inclusive. The recommendation would also support the wider medium term financial strategy to support a balanced and financial sustainable future for the council, and the council's wellbeing strategy, seeking to provide a sense of belonging, feeling valued and having purpose. A hub facility may also provide significant economies of scale on cost and allow for services to benefit from extended opening hours due to the nature of the combined offer.
- 3.9 The recommendation directly supports the councils Asset Strategy, by seeking to deliver integrated and customer focused services, creating economic growth and reducing running costs. The opportunity to create an Arts & Cultural Hub would support the council's commitment to the Cool2 Climate Change Strategy, to stay within a local emissions budget and to ensure a climate resilient Wirral.
- 3.10 By developing an Arts & Cultural Hub it would successfully complement the Marine Promenade Masterplan, which includes the Floral Pavilion as a key asset within their existing regeneration plans. An Arts & Cultural Hub would make the current Masterplan offer more visible, it would increase footfall, and improve the setting and attractiveness of the Floral to a wider user group including community groups.
- 3.11 An Arts & Cultural hub would create space to celebrate performing arts history, famous acts, shows & events, e.g. New Brighton's 'Floor of fame' and 'super graphic public art canvas at Fort Perch Rock. Such a development would complement the wider regeneration plans including c.250 new homes, a new 90 bed hotel, housing, and a street scene to create a feeling of events, leading people to the hub.
- 3.12 Any new approach should consider the recommendation that the catering function is not sustainable and should be run as a trading subsidy or outsourced. A change in governance would be needed as it would not be feasible to continue to run a commercial, profitable operation on local government terms and conditions, a

constraint which currently contributes significantly to the deficit in the existing trading position. With increased footfall (supported via the development of an Arts & Cultural Hub) the potential savings by year 2 could be in the region of £418k.

Next Stage

- 3.13 The Outline Business Case will include detailed investigation into these recommendations. Work will be required to explore the Floral Pavilion' repairs and maintenance costs which have been estimated at £2.9m over the next 10 years. The capital costs required to undertake the transformation of the service to develop a new Arts & Cultural Hub within the Floral Pavilion will also need further exploration. There would be an expectation that revenue savings be generated from this new model but further work to understand the potential return would be required. The methodology that will be used to score each of the four options can be found in Appendix 2.
- 3.14 Following the completion of work internally to fully explore the recommendations, identification of a clear evidence base to support the findings and potential benefits, it would be necessary to commission a feasibility, business, and design study. The study would set out the required works to redevelop the venue, associated costs, design solutions and development of a business plan. To facilitate the success of the feasibility study, work would be required to:
1. Confirm the key asks for the use of the asset as an Arts & Cultural Hub inc. library services, outreach, catering, café, bar etc;
 2. Review the offer for performances & events reflecting the consultant report.
 3. Scope the demand for Outreach through arts & culture; and
 4. Align with the Marine Promenade Masterplan & opportunities this would present for funding.
- 3.15 The outline business case would also include a programme for community consultation ensuring we engage and consult on any future offer for the Floral Pavilion with Wirral residents.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications associated with the recommendations in this report. The outline business case for an Arts & Cultural Hub will be developed and produced within existing resources between officers from the Council's Programme Management Office, officers from the service and consultation with stakeholders across complementary or affected Council directorates. Any future anticipated costs including the commissioning of feasibility, business, and design studies would be included as part of the outline business case.
- 4.2 The financial performance of the Floral Pavilion is monitored on a monthly basis by the Council's corporate finance team and officers from within the service. Committee will be provided with quarterly updates on financial performance. The Floral Pavilion is currently expected to achieve a balanced budget at 24/25 financial year end.

5.0 LEGAL IMPLICATIONS

5.1 There are no legal implications associated with the recommended option in this report. However legal implications may arise if any of the other options are adopted which have been highlighted in the March 2024 report. These will be explored in detail as part of the Outline Business Case.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are no resource implications associated with the recommendations within this report.

6.2 The Floral Pavilion currently employs 51 staff (equivalent to 42.53 FTE). In accordance with the Council's redeployment policy, any employees affected by any closure, cessation service or cessation of part of any service would be offered suitable alternative employment within the Council where any such vacancies may exist.

7.0 RELEVANT RISKS

7.1 Any operation of a commercial nature will always carry a risk of under achievement of income, or increases in costs, sometimes because of macroeconomic factors. Both spend and income are being continuously monitored by the service and corporate finance teams to identify any overspends or underachievement of income and corrective action taken. The service is currently forecast to come in on budget.

7.2 There are formal project management arrangements in place including management of risks and issues via the appropriate Risk Register and Issue Register. Monthly PAM Highlight Reports are produced to provide updates and monitor and track risks or issues. The OBC will include detailed risk assessment on the options.

8.0 ENGAGEMENT/CONSULTATION

8.1 Consultation with trade unions and the affected staff would be required if it were proposed to terminate the employment of those working in the Floral Pavilion, on the grounds of redundancy.

9.0 EQUALITY IMPLICATIONS

9.1 The Equality Impact Assessment (EIA) has been undertaken for this report, which can be viewed on the Council's website: <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>

9.2 The EIA will continue to be developed as part of the recommendations within the Outline Business Case and following approval of the preferred option.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are no significant environment or climate implications associated with the recommended option within this report. The outline business case will identify any improvements, savings or reductions in CO2 emissions as a consequence of operating a co-located facility. Due regard will be given as appropriate in respect of procurement and expenditure decision-making processes that contribute to the outturn position.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The Floral Pavilion makes a number of significant contributions to the Community Wealth Building agenda, including the employment of apprentices and care leavers, a resident choir, thriving volunteer programme (170 regular volunteers) and the hosting of many community focussed activities within the New Brighton area. Any future operating model should be designed to sustain and build on this foundation to provide new opportunities for community wealth building. The local focus of activity within New Brighton has the potential to complement the existing offer and create new economic opportunities for local groups. The existing Social Value calculation for the asset and its activities is estimated at c. £370k.

11.2 The Floral Pavilion also delivers social projects with diverse resident and community benefits such as its beach wheelchair project allowing those who require the use of a wheelchair access to the local beaches.

11.3 According to the Society of London Theatre and UK Theatre in the document Priorities for an Incoming Government October 2023 it is stated that theatre audiences contribute to additional spending in local economies. When visiting a performance. For every £1 spent on a theatre ticket, an additional spend of £1.40 is generated in local economies, adding up to £1.94bn per annum of extra value added to local economies by theatre audiences.

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APPENDICES

Appendix 1 – Consultant Report 2024

Appendix 2 – Options Assessment Criteria & Weightings

BACKGROUND PAPERS

Priorities for an Incoming Government October 2023 - Society of London Theatre and UK Theatre (SOLT)

TERMS OF REFERENCE

This report is being considered by the Tourism, Communities, Culture & Leisure Committee

Committee in accordance with section (f) of its Terms of Reference, “concerning tourism, the arts, culture and heritage, including provision of theatre, entertainments, conferences and events”.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Tourism, Communities, Leisure, and Culture Committee	07 March 2024