

TOURISM, COMMUNITIES, CULTURE & LEISURE COMMITTEE**6 March 2025**

REPORT TITLE:	FLORAL PAVILION – FUTURE OPERATIONAL MODEL DEVELOPMENT – EXCEMPT OUTLINE BUSINESS CASE (OBC)
REPORT OF:	DIRECTOR OF NEIGHBOURHOOD SERVICES

REPORT SUMMARY

This report presents this Committee with a proposed Outline Business Case (OBC) and suggested next steps relating to the Floral Pavilion Theatre & Conference Centre in New Brighton, following Committee’s decision on 19th September 2024 at which it was agreed to progress to the OBC development stage.

This report meets the following themes 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:

- a. note the findings and recommendations in the exempt Outline Business Case and approve the Director of Neighbourhood Services to develop a Full Business Case to explore the integration of an Arts and Cultural Hub into the Floral Pavilion Theatre and Conference Centre.
- b. authorise the Director of Neighbourhood Services to utilise the existing Floral Pavilion asset to immediately develop and implement programmes of work to extend the neighbourhood-based community services outreach offer on a day to

day basis. This will include but not be limited to Public Health services, Adult Social Care Services, Children's services or other partner organisations.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATIONS

- 1.1 The development of the OBC and accompanying evaluation exercise has identified an Arts and Cultural Hub model as the preferred option as it looks at opportunities to develop the community and outreach element, centred around the theatre. The Arts and Cultural Hub model provides the best possible return on investment, has the potential to substantially increase its revenue, and aligns with the wider council priorities. It is proposed that work should now be undertaken to develop a FBC to develop an Arts and Cultural Hub .
- 1.2 The operational net subsidy for 2024/5 has been set at £500k and the budget monitoring work to date shows that the Flora Pavilion is on track to achieve this target.
- 1.3 There is also potential to provide the catering function as a subsidiary, delivering the best return to the Council and reducing its need for a future subsidy.
- 1.4 An Arts and Cultural Hub model will open up potential funding opportunities linked to the wider regeneration plans for the New Brighton area that can be explored, for example, Arts Council England, Big Lottery, Levelling Up, and funding under places with recent evidence of funding awards being granted to similar operating models in surrounding areas.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 In March 2024 the following options were approved by this Committee for consideration within the OBC:
 1. Existing model operating with a maximum £500k council subsidy (Council).
 2. An Arts & Cultural Hub (Council + commercial + community).
 3. An Alternative Delivery Model (commercially operated service); and
 4. Service Closure
- 2.2 Following the assessment undertaken as part of the OBC, Option 2 – the development of an Arts & Cultural hub - has been identified as the preferred option. The Floral Pavilion will however continue with its current operation during the 2025/6 financial year (Option 1) to allow for the development of the FBC and Arts and Cultural Hub model. The other options were considered and were evaluated but are not recommended.

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 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.
- 3.3 By creating an Arts & cultural hub the building will be retained as a Council asset. Both the Council and borough have net zero targets (2030 and 2041 respectively) and the Councils Asset Strategy seeks to reduce carbon emissions of assets by implementing energy efficiency measures and installing renewable energy technologies. The Floral Pavillion is within the project pipeline of decarbonisation projects to be undertaken by the council, subject to accessing government funding, namely the Public Sector Decarbonisation Fund.
- 3.4 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.
- 3.5 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.
- 3.6 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.
- 3.7 It is recommended that a staged approach is taken to investigate an Arts and Cultural hub. Firstly, establishing a clear understanding of the Council's key

requirements that will inform the principles of a shared vision for Hub model at the Floral. A framework would then be created to support the design of a new Hub operating model.

- 3.8 During the FBC process, there will be a requirement to commission an external “Design and Feasibility Study” , which will create a full strategic project plan and investigate the potential and work required, whilst also identifying funding opportunities. The cost of commissioning the study is estimated to be between £30k - £50k. It is expected that the work required will be transformational and is it proposed funding will be available through the Transformation Fund and the use of capital receipts.
- 3.9 Work will be required to model and test the financial returns possible to support the Arts and Cultural Hub model and provide assurances on the cost and potential income returns.
- 3.10 A formal change programme and public consultation exercise ensure staff and stakeholders / stakeholder groups are involved and included as part of an engagement plan and clarification would be needed on the capital expenditure budget.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Full Business Case (FBC) for an Arts & Cultural Hub will be predominately 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.
- 4.2 It is anticipated that additional external support for the development of the Arts and Cultural Hub model will be explored as part of the development of an FBC, including the design and feasibility study estimated to be between £30k - £50k. It is expected that the work required will be transformational and is it proposed funding will be available through the Transformation Fund and the use of capital receipts.
- 4.3 The financial performance of the Floral Pavilion is monitored on a monthly basis by the Councils 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 have been explored as part of the Outline Business Case and will be explored in detail as part of future options in the FBC.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 5.2 There are no resource implications associated with the recommendations within this report. Full staffing cost implications will be explored as part of the FBC.
- 5.3 The Floral Pavilion currently employs 48 staff (equivalent to 38.96 FTE). In accordance with the Council's re-deployment 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 Programme Assurance Monitoring Highlight Reports are produced to provide updates and monitor and track risks or issues. This process will continue as we develop the FBC and explore the Arts and Cultural Hub model.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 As part of the recommendation to investigate an Arts and Cultural Hub, an FBC will be developed that will include a detailed Engagement and Communication Plan and include all key stakeholders.
- 8.2 Engagement with committee since October 2023 has included a number of workshops, briefings and a visit to the Storyhouse in Chester.

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 Full Business Case and supporting consultation exercises.

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 full 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.

10.2 The Floral Pavilion has been put forward in the next phase of the public sector decarbonisation scheme. If successful this is estimated to deliver annual carbon savings of 145t CO2e and annual cost savings of £127k.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The New Brighton Marine Master Plan includes the Floral as a key asset which will help increase footfall to the area and the opportunity to create new horizons from combined services leading to wider social benefits, greater community cohesion, & enhanced reach for each service and potential to create a cultural heart.

11.2 New potential audiences around Gen X and Millennials have stated they want events that take care of their wellbeing & longevity, including informative events that are transforming & meaningful. Cross fertilisation by bringing services with complimentary community objectives produce substantial additional or new benefits.

11.3 According to the Society of London Theatre and UK Theatre in the document Priorities for an Incoming Government October 2023¹ 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. Previous reports have calculated the current social value delivered by the Floral Pavilion to be estimated at £370k. This would likely increase significantly following the development of an Arts and Cultural Hub.

REPORT AUTHOR: Andy McCartan

Assistant Director, Leisure, Libraries & Customer engagement
email: andrewmccartan@wirral.gov.uk

APPENDICES

BACKGROUND PAPERS

¹ 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
Tourism, Communities, Leisure and Culture Committee	19 th September 2024