

STRONG AND SUPPORTIVE COMMUNITIES SCRUTINY COMMITTEE	Agenda Item No. 8
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Report of the Executive Director – Strategic Resources

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VIVACITY CULTURE AND LEISURE TRUST – VALUE-FOR-MONEY

1. PURPOSE

- 1.1 This report is submitted to Scrutiny Committee following its meeting on 24 July 2013 to provide the Committee with the Council’s initial assessment of the value-for-money achieved through the creation of Vivacity.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members note this report and comment on it.

3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY

- 3.1 The partnership with Vivacity contributes to the following priorities in the Sustainable Community Strategy:-
- Creating opportunities – tackling inequalities;
 - Creating strong and supportive communities; and
 - Delivering substantial and truly sustainable growth.

4. BACKGROUND

- 4.1 At its meeting on 24 July 2013, Scrutiny Committee agreed how the Council should approach assessing the value-for-money that has been achieved through the creation of Vivacity Culture and Leisure. This report addresses the points agreed by Scrutiny Committee. There is an Annex to this report and the Annex will follow to Members.

5. VIVACITY CULTURE AND LEISURE PARTNERSHIP

5.1 EXECUTIVE SUMMARY

The Council established a Culture and Leisure Trust – which went live on 1 May 2010 – to have an efficient and innovative provider of culture and leisure services.

Vivacity has lived and delivered within a declining financial envelope since its inception.

A number of financial benefits – in terms of a more advantageous taxation regime – flow directly from the establishment of a Trust.

In addition, the Council has

- i. reduced its costs by varying the services it has required of Vivacity (e.g. by reducing library opening hours);
- ii. required Vivacity to make efficiencies in the way it works by virtue of reducing its funding; and

iii. continued to make significant capital investments in improving Vivacity's estate. It is a tribute to Vivacity (and a vindication of the Trust Model) that the front-line services it delivers to the people of Peterborough are well-regarded and that performance has been maintained despite a reduced level of subsidy from the Council.

The Council faces a challenging financial context going forward and will need to achieve significant savings. This will inevitably create further pressure on the funding the Council has available to support Vivacity going forward. It will be important for Vivacity to exploit fully the freedoms and flexibilities that the Trust model provides in order to maintain and further improve the quality and efficiency of its services.

The report below details the key findings summarised above.

5.2 Establishing a Culture and Leisure Trust

There were a number of different ways the Council's culture and leisure services could have been delivered:

- (i) continuing with in-house delivery;
- (ii) tendering for a commercial operator;
- (iii) a mixed approach to delivery of services; and
- (iv) forming a trust.

The conclusion was a trust model would provide the best delivery option to meet the Council's requirements and aspirations. The trust (a not-for-profit charitable organisation) was expected to bring with it a number of benefits, including

- NNDR (business rate savings);
- Other potential financial savings;
- An enhanced ability to attract external funding;
- Greater scope to grow the business; and
- Other tax and VAT benefits from charitable status.

As a consequence, Cabinet on 12 October 2009 decided that a trust would be the optimum solution for providing and improving service delivery and efficiency of the Council's culture and leisure services.

Following the Cabinet's decision, Peterborough Cultural and Leisure Trust was established as a company limited by guarantee with exclusively charitable purposes. It is now known as Vivacity Culture and Leisure and went live on 1 May 2010.

The following services (and the facilities from which they are operated) were transferred from the Council and provided by Vivacity:

- Libraries and Archives;
- Culture (including Heritage and Arts);
- Sports and Recreation.

There is a Funding and Management Agreement dated 1 May 2010 between the Council and Vivacity which is for a period of 25 years from May 2010 until March 2035. The arrangements are also underpinned by a Business Plan which is subject to review year by year. Vivacity is obliged to provide and continuously improve the services as well offer value for money in line with the Council's objectives for the services and the Council's budget process/funding. There are also key performance indicators by which performance is measured.

The Council pays Vivacity a Service Fee each year for providing the services.

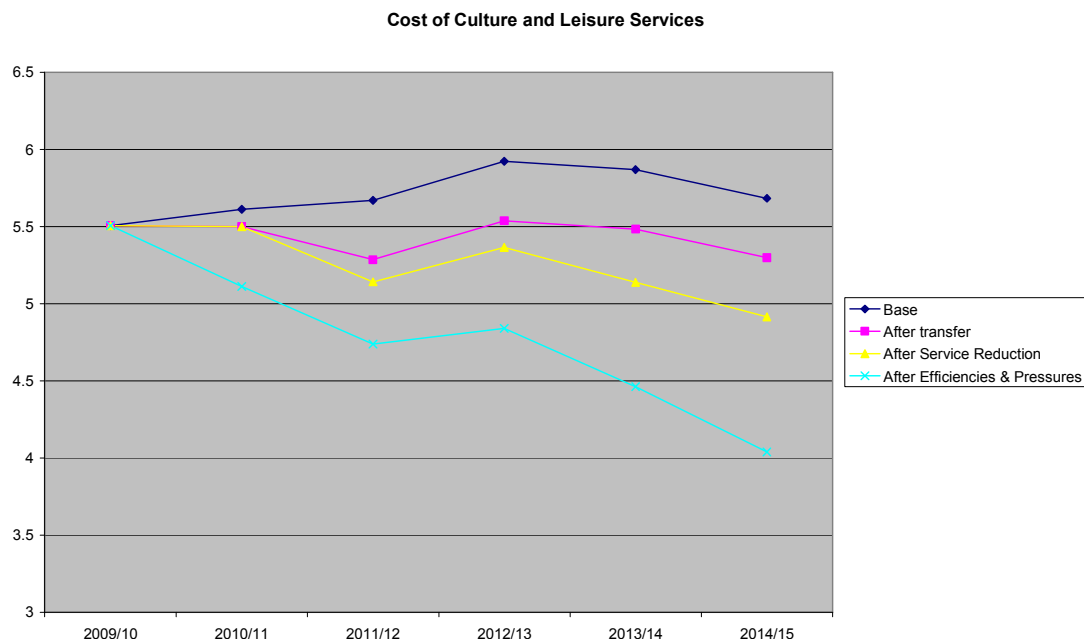
In addition, the Council currently pays Vivacity's insurance premiums, utilities and certain maintenance, repair and capital works items. The Council also meets the discretionary relief

provided to Vivacity on the facilities as a registered charity. Vivacity does not pay rent on the facilities that the Council has made available to it for delivering the services.

5.3 How the funding profile has been and is evolving

In the years since 2010, the amount of funding provided by the Council to Vivacity has declined.

The graph below illustrates the decline – comparing, as best we can, the costs that would have been incurred had the service been retained in-house with the funding that has been required to sustain Vivacity.



The key points to note are:

- i. a significant level of savings derive directly and solely from the establishment of a Trust;
- ii. the Council has reduced funding levels for particular services – for example, making £200,000 of savings this year through specifying a reduction in library opening hours;
- iii. the Council has required efficiency savings from Vivacity by virtue of reducing the funding at source.

In parallel, it is important to recognise that:

- iv. the Council has continued to make very significant capital investments itself into improving Vivacity's estate, notably the Museum, Regional Pool and Lido (Vivacity is the beneficiary of the improved facilities); and
- v. Vivacity itself has become more adept at securing external funding to support its activities. Vivacity has reported that over the last 3 years it has levered over £1m of grant funding which has been invested in the City's services. Over the next 3 years, Vivacity has predicted this will increase to £2.2m.

5.4 How has the delivery of services evolved over the same period?

It is difficult to do a direct detailed comparison between the services prior to transfer and those being delivered by the Council because the in-house and Vivacity operating environments are different. One notable advance has been the recruitment of volunteers – Vivacity currently has 294 volunteers which support its work, as compared to around 80 volunteers when the services were delivered directly by the Council. And, as noted above, over the last 3 years the Council

has invested heavily in Vivacity's culture and leisure facilities. However, the following is intended to give Members an indication of things then and now:

	THEN	NOW
SPORTS & RECREATION	<p>A mixed economy (in-house and external commercial provider), insufficient investment in facilities leading to some customer dissatisfaction, limited marketing and no industry quality accreditation.</p> <p>Insufficient investment in facilities and sufficient lack of accessibility for disabled people to fully participate and limited marketing of services</p> <p>Support for local clubs but limited and whilst providing for general local needs those competing at regional levels tended to seek training facilities out of the City</p>	<p>More comprehensive activities to meet local needs, more opportunities for participation by disabled people (assisted by the Council's investment in its facilities), more integrated link with health services and quality management systems introduced.</p> <p>Increased attendances from 874,000 in 2009/10 to 1,056,000 in 2012/13, focused marketing, new activities introduced such as Rollers and Radiance Centre, growing swimming activities, investment in updated equipment to improve standards and better accessibility for disabled people (assisted by the Council's investment in its facilities).</p> <p>Re-focus of the services on health and well-being, increased partnership working to generate opportunities for people to participate at the level of their choice, some top flight Olympics and Paralympic athletes now training in the City and increased working with clubs.</p>
ARTS	<p>Limited arts programme on offer.</p> <p>55% occupancy at the Key Theatre, and limited artist working with community groups</p> <p>Low visitor figures to Arts Festival, limited space for community groups to display their identity and limited volunteering opportunities</p>	<p>Much wider and comprehensive programme on offer, including to schools and into communities.</p> <p>60% occupancy at the Key Theatre, significantly artists working with community groups, a range of increased activities on offer and delivery of a Music Hub.</p> <p>Quality improvements with regional and national recognition, Arts Festival voted 2012 Cultural Hero by the general public and outreach to wider communities (e.g. Asian, Polish and Romanian).</p>
LIBRARIES	<p>Self-service in 4 libraries with 15% take up and disparities in stock count and stock quantity.</p> <p>Deposit collections in small number of elderly people's homes and children's centres</p> <p>Orton was a dark old fashioned library with inflexible shelving and space, Hampton library was located in a GP surgery and author events with no one high profile</p>	<p>Self-service available in all 10 libraries with 85% take up and completed library stock audit.</p> <p>10 micro libraries established in community venues where there is no static library providing an extra 450 hours of book access</p> <p>New Orton library in a joint facility enabling more joint activities, new library at Hampton due to open shortly, E-books and E-audio books on offer and more events with high profile authors.</p> <p>Books on Prescription and mood busting expanding health collection, participating in Six Book Challenge for adult and non-confident readers in partnership with the Regional College, helped over 3,000 people with on-line assistance and archives catalogued.</p>
HERITAGE	<p>Limited exhibitions and events, with only one heritage site at the Museum</p>	<p>Museum redeveloped and offering more potential with café on site; three heritage sites available; new gallery design at the Museum has improved use and participation at Flag Fen and Longthorpe continues to increase.</p> <p>2013/14 Heritage Festival peaked with 24,883 visitors.</p> <p>The Museum now a regional partner for</p>

		the East of England in the Natural History Museum's Real Science programme to promote interest in science with schools
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The following table indicates **visitor numbers** in 2009/10 as against those in 2012/13:

Service	Indicator	Year	Year
		2009-10	2012-13
Heritage	Number of visitors to heritage sites	76,926	84,497
Sports	Number of visitors to sports facilities	873,857	1,056,081
Theatre	Number of Key Theatre tickets sold		54,907
Libraries	Total Issues	807,818	656,573
Libraries	Issues per hour	46.33	43.09
Libraries	Recorded visits	903,439	604,402

Figures are not available for the Key Theatre for 2009/10. In 2009/10 there was only one heritage site at the Museum whereas by 2012/13 there were 3 sites at the Museum, Flag Fen and Longthorpe Tower. Library hours have reduced between 2009/10 and 2012/13 and the figures for libraries for 2009/10 are regarded as unreliable as it is understood there may have been some over-counting on devices used at the time.

5.5 **What does all of this suggest for the future?**

Although Vivacity was originally established to provide culture and leisure services to and on behalf of the Council, it is an organisation which is intended to be independent of the Council.

3 years on the Council still remains its prime customer and funder and there was and is an expectation that Vivacity would look to expand its business base beyond the Council's services.

Such expansion will become vital to Vivacity's on-going business viability as the Council's budgets continue to tighten.

As the report above suggests, we will be building from a position of some strength – but there is a need to accelerate momentum within the Trust to increase still further its revenue so as to reduce its dependency on the Council. Vivacity will be vulnerable to the cross-Council need to make significant efficiencies over the coming years unless it is able to increase both the footfall and revenue through improving and growing its services.

6. **IMPLICATIONS**

6.1 Vivacity must provide services and continuously improve them in line with the Council's business objectives and budget available for these services. As budgets become more constrained, Vivacity, as an independent organisation, will also need to explore other business opportunities to expand its services in the interests of its own viability in addition to the services provided to the Council.

7. **CONSULTATION**

7.1 Due to the contents of this report, consultation has taken place with the Cabinet Member for Culture, Recreation and Waste Management, Cabinet Adviser for Culture and Recreation, Vivacity and Head of Strategic Finance in the preparation of this report. Wider consultation has not been required as there are no service changes as a result of this report.

8. **NEXT STEPS**

8.1 The Council will continue to work closely with Vivacity to address any issues arising from this report.

9. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

9.1 Funding and Management Agreement dated 1 May 2010 between the Council and Vivacity.

10. APPENDICES

10.1 There is one Appendix to this report.