

MARCH DRAFT

Overview and Priorities for Business Plan 2014-19

The Next Five Years- New Priorities

Peterborough is set to grow substantially in the next few years and with an economy that has been expanding for some time, there are opportunities for Vivacity to expand its services and position itself at the heart of the success of the country's fastest growing cities. These opportunities are not just about the growing demand for services that a growing population will require, but also about the restructuring of public sector services that will provide as yet unknown opportunities across health, education, volunteering, and more all of which have the potential to generate revenue.

This upbeat note is against the backdrop of a Council, under pressure financially from central government, which is proposing to reduce its funding to Vivacity over coming years. The reduction in fee for 2014-15 is £612,000.

Looking forward the Council will not be able to provide sufficient funding to Vivacity to support all of the services currently provided. If we want to continue to deliver the current breadth of cultural services then we must both reduce net costs and find alternative sources of funding.

This business plan seeks to meet these opportunities and challenge and drive through changes through growth; in particular attracting more customers and being seen as an organisation that is committed to quality in terms of what it does and how it does things.

Our focus for the next five years is:

- Growing our income
- More people using our services
- Improve the quality of our delivery

| Our Focus | What will we do: | How will we measure this (key performance indicators) |
|--|--|---|
| <p>Growing our income</p> <p>This business plan requires a 38% growth in income to achieve financial stability.</p> | <p>Take a cost centred approach to all parts of the business.</p> <p>Grow income generating parts of the business.</p> <p>Increase alternative sources of income.</p> <p>Seek new business within and beyond Peterborough. We will actively engage with the Council to exploit and create new opportunities that will generate net income.</p> | <p>Average income per visit.</p> <p>Growth of income against previous years.</p> <p>Range of sources of income.</p> |
| <p>More people using our service.</p> <p>All of our services have capacity.</p> | <p>Ensure that more people use our service by continuing to be a marketing led organisation.</p> <p>Measuring and taking action to attract people from all sections of</p> | <p>Number of visits.</p> <p>'Match' of customers to the Peterborough demographic.</p> |

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| | | |
|---|--|--|
| We currently have an incomplete picture of our customers. | Peterborough's communities. Gather best practice from others across the country. | |
| Improving the quality of our delivery. Vivacity has always sought to embed quality in all that we do- this commitment remains and is re-enforced through all we do. | Everything we do will be planned, delivered and reviewed with a degree of quality that makes us proud. Gather best practice from others across the country. | We will undertake and publish frequent customer quality reviews (using Net Promoter Score measurements). |

Our Focus for the Next Five Years- Other Changes from Last Year's Business Plan

There are some areas, because of lack of resources or changing priorities which will not progress as planned or where the future is simply unknown. The main ones are:

The National Museum of the Bronze Age (NMBA) – the 2013/17 business plan set out the appointment, in 2014, of a project director to take this work forward. While the feasibility study for the NMBA is still in draft, it does point to significant capital costs (£55,000,000) and ongoing annual subsidies (£800,000). Vivacity remains committed to the principle of developing a NMBA however, given the current economic climate nationally and locally it is unlikely that this project will come to fruition in the lifetime of this business plan and there is no plan to focus significant staff time on developing the concept.

The Council's capital programme in 2013/14 contained a planned investment of £1,000,000 to refurbish the **Regional Fitness and Swimming Centre** pool hall- this work has been put on hold pending further consideration by the Council.

Our Aim

Vivacity is a not for profit organisation that delivers cultural and leisure services for the people of and visitors to Peterborough. It is in the business of enriching people's lives. Vivacity does this by working in partnership with a number of organisations and stakeholders. The most important of these partnerships is with Peterborough City Council and together we will:

...deliver and enable inspiring cultural and leisure activities to the residents of and visitors to Peterborough.

Our Objectives – What We Will Achieve?

During the next five years it is the objective of the Board and Staff of Vivacity to:

- ✓ Increase the number and range of people who enjoy our services
- ✓ Deliver services of greater quality
- ✓ Improve the value for money for all our customers and for Peterborough City Council as our primary funder
- ✓ Bring new financial resources and skills to the city through providing new and improved services supported by regional, national, European and international bodies
- ✓ Support and encourage other organisations and charities working in Peterborough who contribute to the sport, arts and heritage life of the city

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- ✓ Transform our style of working

The Vivacity Way – Our Values

To achieve this we must provide great experiences, broaden horizons through activity, learning, discovery, challenge and fun by having a focus on doing and 'doing things right' - the Vivacity Way.

The Vivacity Way is captured through a number of key words:

| | |
|------------------|-----------------|
| Customer Focused | Effective |
| Respect | Efficient |
| Integrity | Outward looking |
| Accountability | Embracing |
| Fairness | Can do |
| Listening | Engaged |

In addition the Vivacity Way is about investing in our staff and volunteers - we will ensure that they are fully trained, supported and developed to deliver our objectives and demonstrate our values.

Our Ambition

Vivacity's aim is clear and centres on creating and enabling inspiring cultural opportunities. So far we have been extremely strong at delivering cost effective quality experiences, a challenge that has been made more difficult in times of ever reducing resources.

In the past we have struggled with our identity in terms of our strategic role for the development of the arts, heritage, sport and to a lesser extent the library service and tourism. This ambition statement clarifies Vivacity's stance in relation to this strategic role for these areas of work in the city of Peterborough. Our ambition for our core areas of work is set out below. In addition Vivacity will contribute to the development of tourism and the marketing of the city. We will do this in a way that supports and re-enforces the role of the Council in establishing the city's tourism offer.

This business plan sets out our main areas of work only and detailed programmes of work are captured in individual services plans covering archives, arts, heritage, libraries and sports.

Arts – Our Main Areas For Future Development.

Our Ambition - Within the life of this business plan we will re-enforce Vivacity's position as the lead organisation for the development of arts within the city. Working closely and in partnership with local, regional and national partners together we will support the development of the arts to raise the creative profile of Peterborough both within the city and beyond.

Bringing our Ambition to Life - Our ambition will be brought to life through the arts service plan, which details how £1,946,000 will be invested to deliver a wide range of new and existing opportunities through a team of 32 people - 20 full time equivalent members of staff. The most significant of these projects, together with their rationale, are set out below.

- Audiences at the Key Theatre are increasing, however, the commercial and catering offer is still to be exploited. In 2014 we will develop a business case for the redevelopment of the bar and develop a programme of activity to drive footfall to the bar/café. We will maximise the use of theatre rooms and studios during time when shows are not on. We will put out to tender elements of the young people's work at the theatre to increase income. We will work in partnership with other providers for example, Wildcats to create a broader commercial offer at the Key Theatre. We will make changes to the theatre programme, reducing some types of drama production and building on our family and digital offer.

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- We know that we can secure public investment to support the arts festival. However, we need to grow other income and revenue streams around the festival to ensure its long term sustainability. We also need to reduce the net cost of the festival to Vivacity by £25,000 in year 2014 and ensure that subsidies reduce still further in future years.
- Connection Culture is our large scale participation and engagement project awarded through the national scheme called Creative People and Places. A full business plan has been developed for the project.
- We will work closely with Metal to further grow and embed their programmes in the city – particularly on the delivery of the Creative People and Places training and development programme.
- We will review the delivery model for the City Gallery and seeking new commercial partnerships.
- We will achieve the transfer of the Peterborough Sculpture Trust and developing a wider visual and public art programme.
- We will work in partnership with Peterborough Learning Partnership to deliver the final year of music hub and working on sustainability and exit strategies.

Museum, Libraries and Archives—Our Main Areas for Future Development.

Our Ambition - Museum, Libraries and Archives have always played a significant role in supporting the information, educational, cultural and recreational needs of the communities in Peterborough. Our ambition is to develop our offer to be more vibrant, family orientated and commercial, while continuing play this important role against an increasing pressured financial resource. We will continue to act as a catalyst to support other organisations that wish to be part of bringing the Heritage ambition to life.

Bringing our Ambition to Life - Our ambition will be brought to life through the Museum, Libraries and Archives business service plan, which details how £2,225,000 will be invested to deliver a wide range of new and existing services through a team of 106 people - 57 full time equivalent members of staff. The most significant of these services and projects, together with their rationale, are set out below.

- The arrival of the boats at Flag Fen has increased visitor numbers to just fewer than 10,000 per year, but the site still lacks family appeal. The usual length of a visit is in the region of 45 minutes to an hour and we know to attract greater secondary spend and greater numbers we need to offer more. In 2014 we will start a programme of changes which will include the improvements and enlargement of the Dig Tent and the introduction of A diverse range of changing family orientated activities during half term and the summer.
- Before 2015 we will develop a two year transformation programme that will result in a quality heritage attraction that will appeal to families and receive in excess of 40,000 visitors a year.
- There are large sections of Central Library which are underused, this has been exacerbated by the closure of the Youth Access Point. We need to ensure that we make greater use of Central Library which receives over 250,000 visits per year. In partnership with the Council we will reconfigure the Central Library so the services are all offered on one floor. This will give the opportunity, in late 2014, early 2015, to let out the top floor to attract an income.

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- There is going to be national coverage relating to the commemoration of the First World War. We will be running a four year programme starting with an application for funding to digitise two volumes of the Women's United Total Abstinence Council guest books from the Railway Station. Starting in 2014 we will be looking to form a partnership with the Peterborough Railway Station in order to display the digitised content
- We will open up and develop parts of the Museum such as the period shop, the Victorian operating theatre and the cellars.
- We will take part in a 12 month national pilot testing how e-lending through libraries will work in a way that satisfies the publishing industry.
- We will engage more young people in reading through a regional project will them creating arts activities that respond to books that young people are reading or have read and are passionate about .
- We will undertake root and branch review of our café and retail offers.
- Development of a number of bids will be undertaken in 2014 to enhance our offer such as "Illuminating Medieval Peterborough" where we will team up with other sites to bring into life the incredible collection of medieval wall paintings that can be found within the area.

Sports—Our Main Areas for Future Development.

Our Ambition - Our aim is to be the provider of choice for residents and visitors to Peterborough in meeting their sporting and healthy living needs. In the next 5 years Vivacity will continue to play a central role in the City's sporting landscape and place people's health and well-being at the heart of its work, contributing towards developing "healthy and active communities" by working in partnership with a wide range of organisations. We will carry on developing relationships with local regional and national agencies that generate opportunities for people to participate at the level of their choice in either a recreational, playing, competing, coaching or voluntary capacity and thereby gain health benefits, sporting success, new skills and opportunities to play, enjoy and compete if they so wish. We will actively compete to provide the best value in gym membership in the city.

Bringing our Ambition to Life - Our ambition for our work in sports, health and recreation will be brought to life through a service specific business plan. The plan details how £4,400,000 will be invested to deliver a wide range of new and existing opportunities through a team of 200 people - 128 full time equivalent members of staff. The most significant of these projects, together with their rationale, are set out below:

- Delivering a compelling gym offer is our number one priority. The number of gym membership sales are reducing due to competition from budget gym operators and economic conditions. We will re-train and mentor our sales and frontline staff to improve the customer journey. We will revise our marketing strategy to better identify prospective customers and the best way to communicate with them – (2014).
- The Councils current strategy for sport and active recreation expires in 2014. A new strategy for Peterborough is required to inform future direction and investment. Sport England has offered to work with the Council and lead on the development of a new strategy. We will actively assist the Council and Sport England in the production of a new sport and active recreation strategy. We will actively work with the Council to develop a sports strategy for the City.
- The changed landscape for the provision of local health services will see services being delivered differently. This will require more partnership working to ensure customers are provided with relevant and timely health and well-being services. We will exploit this opportunity.
- Vivacity's commitment to "doing things the right way" is key to our continued success and we will open our services to external scrutiny to benchmark our process, procedures and performance using industry quality accreditation standards.
- We will continue to support the Council in carrying out improvements to leisure facilities in order that they remain fit for purpose. Additional investment in the sports infrastructure will be made by Vivacity to continue our development and invest in sports equipment to ensure customer satisfaction is maximised. All of these improvements will help raise the profile of Peterborough as a sporting destination and improve the quality of offer expected by residents and visitors
- We shall investigate ways of attracting more young people to our services.

Other Main Areas for Future Development- Support Services

Our Ambition- In order to secure the growth of Vivacity, geographically, in its maturity, and to deliver the ambitions of the arts, heritage, libraries and sports services we need to put in place a range of support functions and change programmes. These will support our ambition to be a learning organisation that never makes the same mistake twice. They will see our marketing

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heralded as customer centred, effective and cost efficient and our support systems, particularly our information technology, be considered as robust, business like and value for money. We will grow the quality of our marketing service so that it can be sold to other organisations delivering cultural services.

Bringing our Ambitions to Life - The support services business plan mainly focus on marketing. It also sets out how £1,725,000 will be invested to support the delivery of our programmes. The most significant of these projects are set out below.

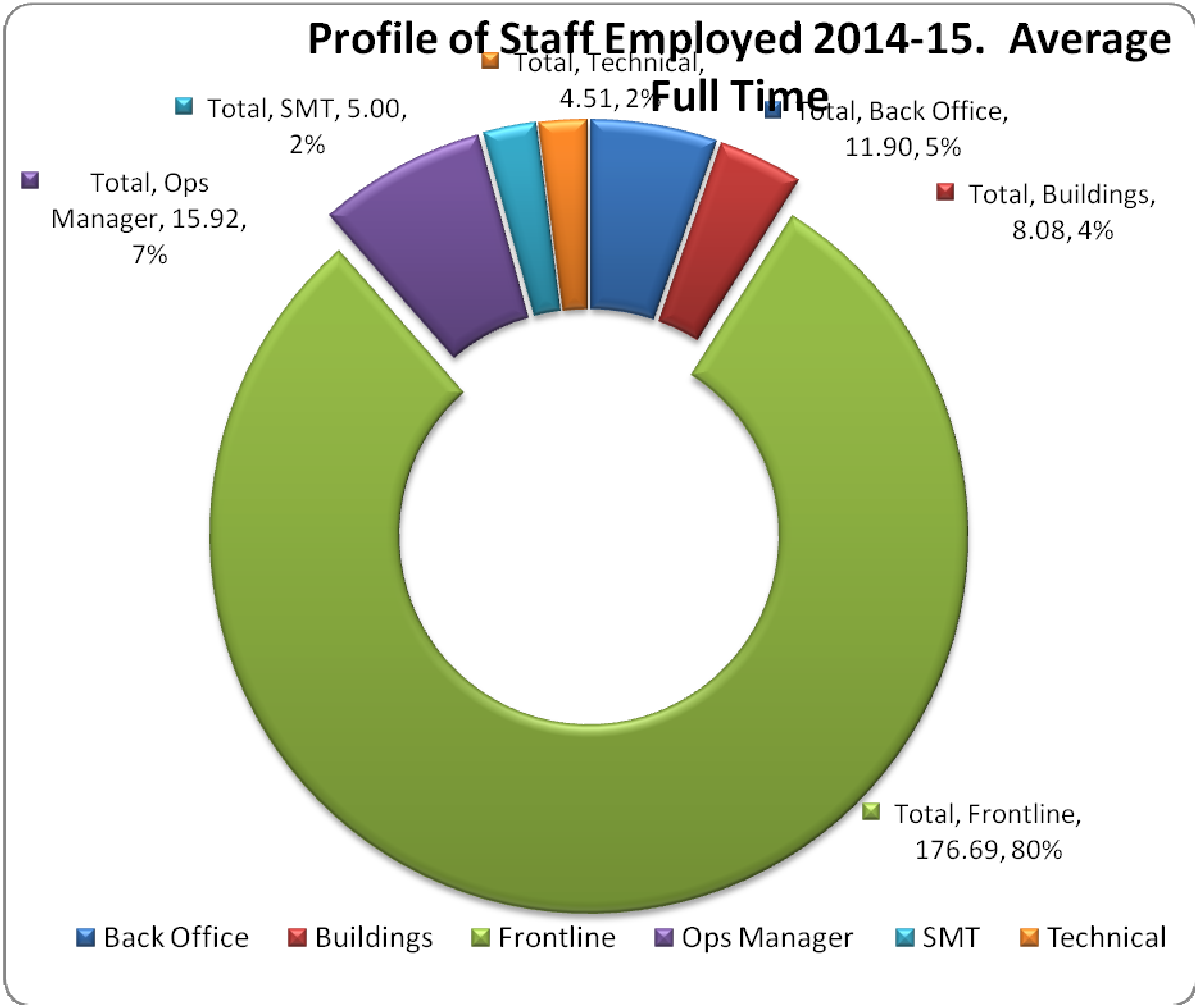
- Business Development- we will create a new business development team that will focus on generating efficiencies from within the business, grow new business within Peterborough and seek new business beyond Peterborough.
- Organisational Development- As a provider of services, our success depends heavily on the capability, commitment, engagement and motivation of our people. We know from our Employee Satisfaction Survey completed in 2013 that we need to build on the feedback and deliver consistency across all services if we aspire to be the “chosen provider” by our customers and secure income generation growth. We will ensure that our key processes are embedded, particularly our performance appraisal system. We will also strengthen the way we identify our training needs, build upon our talents and ensure appropriate succession planning for business continuity. Most importantly we will create a service culture where best practice is common practice for our staff. As an organisation we also need to gain greater awareness of the commercial realities of all that we do.
- Information Technology – the landscape of possible technological solutions has changed significantly since 2010, with the emergence of cloud based systems and the impending installation of dark fiber in the City. The current service level agreement with the Council and SERCO has proved challenging, which has caused problems implementing the CRM system, caused delays in the deployment of ICT infrastructure to operational services and non-compliance issues surrounding payment card industry. During 2014 we will review the existing service level agreement and develop an ICT strategy. This will inform how and what ICT solutions will best meet the current and future needs of the organisation moving forward.
- All our services have some offer for schools, with some being free of charge and others chargeable. There is increasing competition for school time and income so we need to ensure we offer a coherent, attractive programme. In 2014 we will prepare and promote a core vivacity wide (multi-service) offer to cover school services – enrichment, extra-curricular, special projects and referral based support, and school holiday provision.
- Across the UK the use of digital media for information, booking and purchase continues to increase, across all age and income groups. Vivacity’s digital interaction is increasing too; we are getting better at capturing prospects online (we have attracted 1200 online registrants for the launch of Vivacity Premier Fitness) but we are still below industry norm for online purchase (for example, only 14% of theatre ticket sales made online). We will develop a digital media strategy (2014) and prioritise action against commercial returns (for example sports and theatre).
- The current website structure, navigation and content all need to be changed to improve the customer journey and to improve how we promote our services and enable customers to buy and/or book more easily. In 2014 we will create simpler website journeys to enable customer to book and buy electronically. We will also attract more potential customers and generate sales with richer media content, showcasing our services/facilities and providing relevant additional content. We will ensure online booking is available for all of our main commercial activities by 2015.

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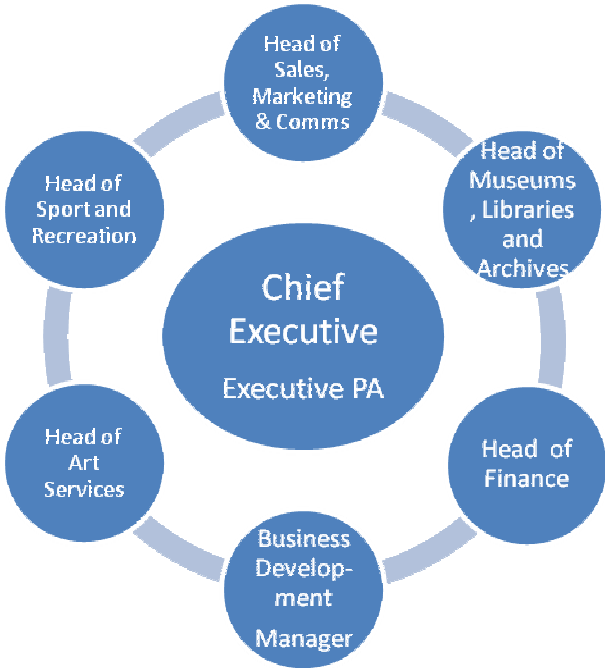
- We will deliver an employee satisfaction survey on an annual basis to support our organizational development.
- We will create a cultural events calendar for Peterborough.

The Way We Use Our Resources

Staffing- Vivacity employs around 350 employees (222 full time equivalent), costing £5.2 million per annum. The profile of staff by full time equivalent is set out in graphic form below. The majority of resource (80%) is applied to front line services- in reality this focus is even greater than presented as many of those people classed as Operational Managers also provide some front line services. Furthermore most of the Senior Management Team (SMT) is involved in delivery through their direct management of major projects.



The Senior Management Team- The senior management team and the organisational structure remains largely unchanged from previous years save for the addition of a small (two people) business development team that will report to the Chief Executive.



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Income and Expenditure Income and expenditure for Vivacity for the next five years and is broken down by strategic theme and are set out in table 1 below:

| | Forecast 2013-14 | BP 2014- 15 | BP 2015-16 | BP 2016- 17 | BP 2017-18 | BP 2018-19 |
|--|---------------------|----------------|---------------|----------------|---------------|---------------|
| Income | £000 | £000 | £000 | £000 | £000 | £000 |
| Management Fee | 2751 | 2266 | 2226 | 2226 | 2226 | 2226 |
| Management Fee Reduction - future service variations tba | | | (400) | (800) | (1200) | (1200) |
| Service Level Agreements | 579 | 590 | 598 | 607 | 619 | 631 |
| Museums Libraries and Archives | 650 | 568 | 418 | 436 | 445 | 454 |
| Sports | 3297 | 5230 | 5655 | 5804 | 5920 | 6038 |
| Theatre | 813 | 879 | 949 | 991 | 1011 | 1031 |
| Arts | 490 | 576 | 484 | 410 | 418 | 427 |
| Marketing | 21 | 35 | 70 | 70 | 71 | 73 |
| Support | 12 | 11 | 7 | 11 | 11 | 11 |
| Redundancy | 64 | | | | | |
| Total Income | 8679 | 10154 | 10007 | 9754 | 9521 | 9690 |
| | | | | | | |
| Direct Expenditure | | | | | | |
| Museums Libraries and Archives | (2440) | (2225) | (2118) | (2169) | (2212) | (2256) |
| Sports | (2913) | (4400) | (4549) | (4613) | (4706) | (4800) |
| Theatre | (1015) | (1036) | (1074) | (1084) | (1106) | (1128) |
| Arts | (742) | (910) | (783) | (691) | (705) | (719) |
| Future service variations to be agreed | | | 400 | 800 | 1200 | 1200 |
| Redundancy | (62) | | | | | |
| Total Direct Expenditure | (7170) | (8571) | (8124) | (7757) | (7528) | (7702) |
| Support | (516) | (529) | (535) | (550) | (561) | (572) |
| Service Level Agreements | (722) | (788) | (709) | (720) | (734) | (749) |
| Marketing | (464) | (408) | (399) | (406) | (414) | (422) |
| Governance | (10) | (14) | (14) | (14) | (15) | (15) |
| Central Contingency | (10) | (20) | (20) | (20) | (20) | (21) |
| Enabling Fund | (20) | (30) | (30) | (60) | (60) | (60) |
| Sub Total before new capital and new contracts | (233) | (205) | 175 | 227 | 188 | 149 |
| | | | | | | |
| New capital bids overlay – increase in depreciation charges | | (21) | (27) | (81) | (106) | (102) |
| | | | | | | |
| Business as usual | (233) | (226) | 148 | 146 | 82 | 47 |
| Projects – Public Art | (38) | | | | | |
| Projects – Community cricket wickets | (46) | | | | | |
| Projects – Must Farm Boats preservation | 66 | (100) | (73) | | | |

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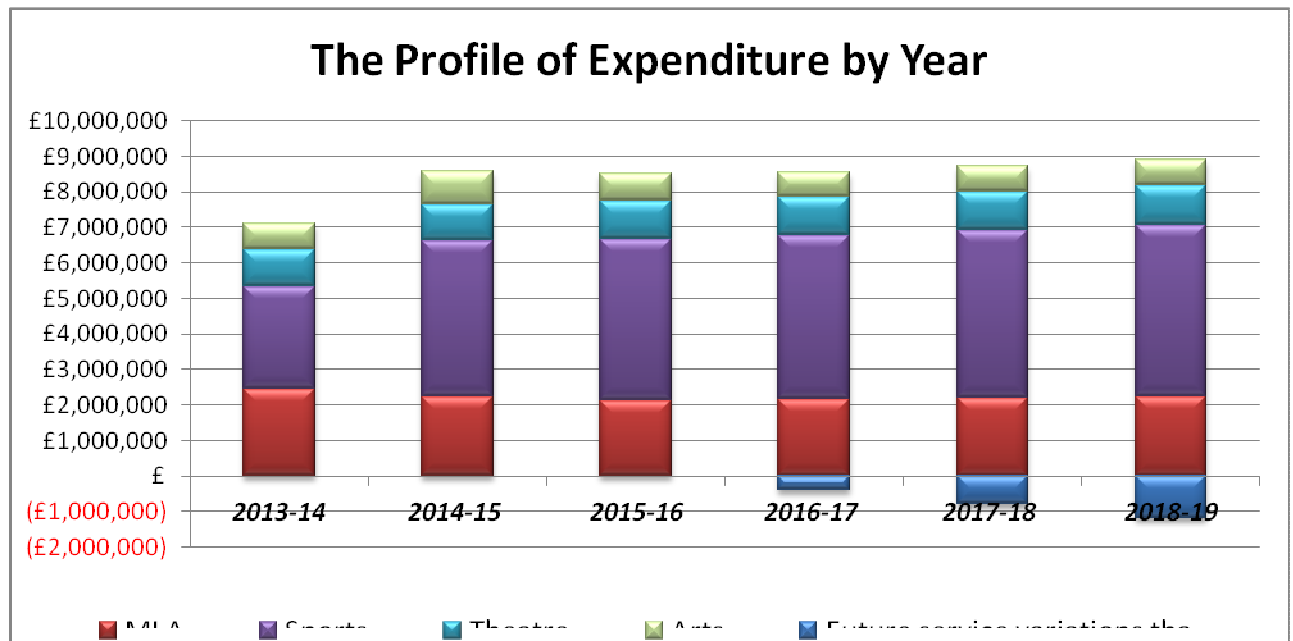
| | | | | | | |
|---|------------|--------------|--------------|--------------|--------------|--------------|
| Projects – Sports gifted and talented | | | (10) | (10) | (10) | (10) |
| Business Development – new business | | 80 | 107 | 112 | 112 | 112 |
| Business Development – invest to grow | | (7) | 43 | 43 | 43 | 43 |
| Business Efficiencies | | 136 | 178 | 178 | 178 | 178 |
| Business Development Team | | (100) | (100) | (100) | (100) | (100) |
| Business Development - shared initiatives | | 18 | 35 | 35 | 35 | 35 |
| Risk Overlay | | (72) | (120) | (150) | (150) | (150) |
| Contract Variation – removal of Key Theatre subsidy | | | | | (179)* | (179)* |
| | | | | | | |
| Statutory Accounts Surplus/(Deficit) | 250 | (271) | 208 | 254 | 12 | (24) |
| | | | | | | |
| General Reserves Closing | 794 | 523 | 731 | 985 | 997 | 973 |

Table 1

*please note the business plan includes a number of changes requested by the Council for 2014/15 and beyond. Other changes totalling £1.2m by 2017/18 are yet to be concluded.

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Expenditure- The business plan predicts that Vivacity will invest over £8.5 million per year to deliver front line services; the profile of investment does not significantly vary between business years and is set out graphically below and detailed in table 2.



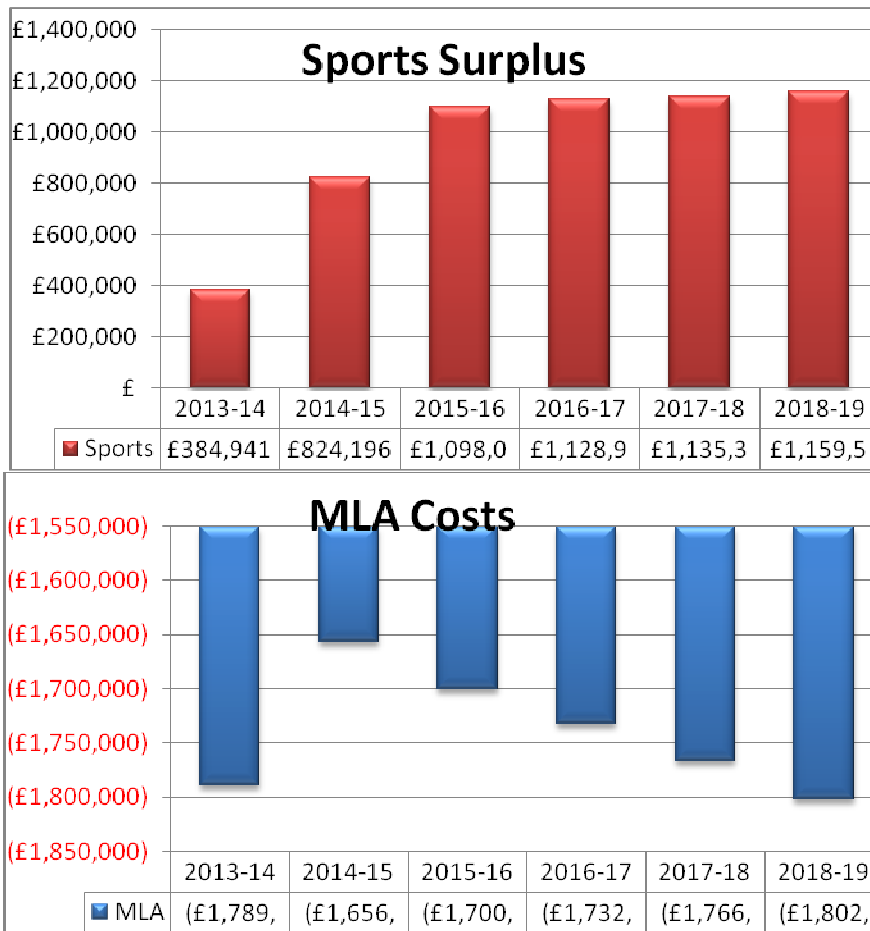
| Front Line Service Costs | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| MLA | £2,439,838 | £2,224,649 | £2,118,471 | £2,168,575 | £2,211,947 | £2,256,186 |
| Sports | £2,912,544 | £4,399,772 | £4,549,055 | £4,613,393 | £4,705,661 | £4,799,774 |
| Theatre | £1,014,568 | £1,036,384 | £1,073,701 | £1,083,904 | £1,105,582 | £1,127,694 |
| Arts | £741,869 | £909,976 | £782,767 | £690,860 | £704,677 | £718,771 |
| Future service variations to be agreed | | | | (£400,000) | (£800,000) | (£1,200,000) |
| Total Front Line Service Costs | £7,108,819 | £8,570,781 | £8,523,995 | £8,156,732 | £7,927,86 | £7,702,424 |

Table 2

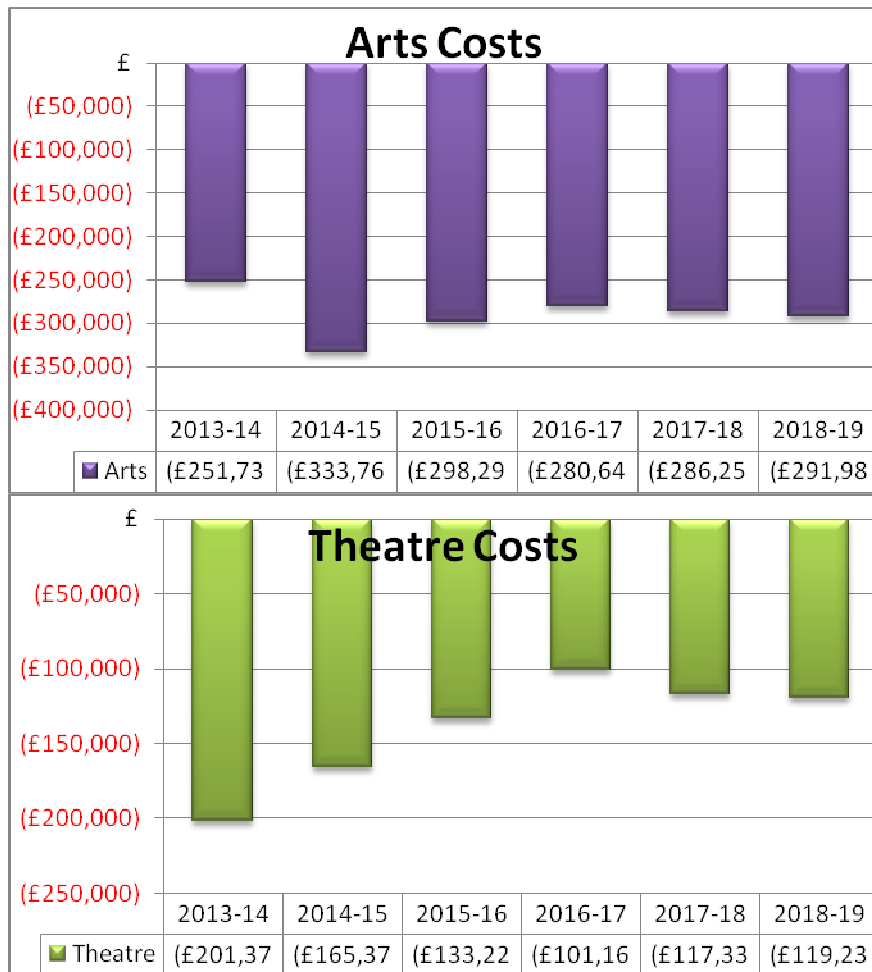
Net Surplus/Cost - Of note is the positive financial contribution which sports services is making, £844,000 in 2014/15 rising to £1,160,000 by 2018/19 (an increase of £316,000). This is presented graphically below. The opening of the Hamptons sports facilities and the new tiered approach to the gym offer and changes to the pricing structure generate significant growth in income and returns an increased positive financial contribution to Vivacity. This enables Vivacity to improve value for money of services, deliver more and achieve efficiencies for the Council through a reduction in the

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management fee. All other services do not generate sufficient income to cover their direct costs, and are reliant on a cross subsidy from sports and the management fee paid by the Council.



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Capital Investments - Table 3 below sets out the proposed Vivacity capital expenditure over the course of the business plan. £1,251,600, will be invested of which £80,000 is to be funded from the Councils capital budget in 2014/15.

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| Sports | £41,600 | £26,600 | £277,000 | £132,000 | £550,000 |
| Aquatic Play Equipment | | | £20,000 | | |
| Basket Ball boards/hoops | | £14,400 | | | |
| Cricket Nets, and tracking | £14,400 | | | | |
| External Signage | £20,000 | | | | |
| Gym Equipment | | | £252,000 | £132,000 | £550,000 |
| High Jump Bed | | £5,000 | | | |
| Maintenance Team Van | | | | | |
| Pole Vault Bed | | | £5,000 | | |
| Trampoline | £7,200 | £7,200 | | | |
| ICT | £18,000 | £18,000 | | | |
| CRM system development | £18,000 | £18,000 | | | |
| Theatre | £60,000 | | | £128,400 | |
| Additional show relay/call monitors | | | | £18,000 | |
| Blackout material | £8,400 | | | | |

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|-------------------------------------|-----------------|----------------|-----------------|-----------------|-----------------|
| Café - coffee machine and equipment | £6,000 | | | | |
| Fresnels (lights) | | | | £20,400 | |
| Moving Lights | | | | £72,000 | |
| Power upgrade in studio | | | | £12,000 | |
| Prompt desk | £24,000 | | | | |
| Refurbishment of bar | £21,600 | | | | |
| Upgrade studio sound equipment | | | | £6,000 | |
| Grand Total | £119,600 | £44,600 | £277,000 | £260,400 | £550,000 |

Table 3