

<b>STRONG AND SUPPORTIVE COMMUNITIES SCRUTINY COMMITTEE</b>	<b>Agenda Item No. 5</b>
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## **Report of the Strategic Partnerships Manager – Resources Directorate**

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### **VIVACITY – PERFORMANCE REPORT AND DRAFT BUSINESS PLAN**

#### **1. PURPOSE**

- 1.1 This is an opportunity for the Committee to hear from and question both officers of the Council and Vivacity, on Vivacity's performance in 2015-16

#### **2. RECOMMENDATIONS**

- 2.1 The Strong and Supportive Communities Scrutiny Committee is asked to review and comment on Vivacity's performance

#### **3. LINKS TO THE SUSTAINABLE COMMUNITY STRATEGY**

- 3.1 Culture and leisure contribute 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 Since May 2010, Vivacity, which is a charitable trust, has been providing culture and leisure services on behalf of the Council. Vivacity is one of the Council's key strategic partners. Vivacity is resourced through a Funding and Management Agreement that specifies the total sum of money made available by the Council to support the delivery of the Council priorities. The income from the council equates to 20% of Vivacity's total income, however support costs of £936,000 are not included in the Vivacity budget.
- 4.2 The Strong and Supportive Communities Scrutiny Committee reviews the work of Vivacity on an annual basis.

#### **5. KEY ISSUES**

All of Peterborough City Council's culture and leisure services and facilities were put out to tender in 2010 and are currently managed by Vivacity Culture and Leisure. The contract was granted for 25 years of which 19 years are left to run until 2035. The contract contains no break clauses.

The council pay Vivacity a management fee and Vivacity's independent board determine the actual spend on services.

The MTFS position therefore is:

	2015 / 16 £	2016 / 17 £	2017 / 18 £
Vivacity funding and management agreement	2,808,962	2,141,173	2,127,786
Current reduction	-679,583	-25,417	
<b>Revised FMA</b>	<b>2,129,379</b>	<b>2,115,756</b>	<b>2,127,786</b>
Support costs	936,954	936,954	936,954
Interest of capital	700,000	700,000	700,000
<b>Total</b>	<b>3,766,333</b>	<b>3,752,710</b>	<b>3,764,740</b>

Support costs include:

- Postage
- Printing
- Insurance
- Building repairs and structural maintenance
- Utilities – gas, electric, water and bio mass

**The MTFS outlined a number of service reductions in 2015 – 2016 which are outlined below**

Service area	Impact on service	Saving from and Funding Management Agreement £k
Change to Library services	The Council invested £170,000 to develop a self-service system, Open+ which touched every aspect of the library service.	-280
Peterborough Arts Festival	The reduction in the service fee will result in a greatly reduced arts festival with fewer performances and artists taking part, reducing the festival to one weekend only. There will be an arts festival in 2015, funded through a current European bid. This funding finishes in 2015. Vivacity will therefore provide a significantly reduced arts festival in 2015/16 and may not be able to deliver a festival in 2016/17 and beyond, if external funding cannot be found.	-40
Arts development	The reduction in the service fee will result in a staff restructure within the arts development team, as part of a potential merger of the development teams from arts, heritage and libraries. This will mean fewer exhibitions, programmed in for longer periods. Where the programme has not already been set, this will also mean staging more cost effective exhibitions.	-40
The Key Theatre	Vivacity anticipates no direct impact in 2015/16 on the service provided currently if trading performance is strong, through the redevelopment of the bar and new income streams. However, the reduction in funding will result in Vivacity reviewing its current fees and charges for tickets and bookings and reviewing the type of programme offered.	-180
Heritage exhibitions	The reduction in the service fee will result in a staff restructure within the heritage development team, as part of a potential merger of the development teams from arts, heritage and libraries. For heritage development specifically, this will mean fewer exhibitions, programmed in for longer periods. Where the programme has not already been set, this will also mean staging more cost effective exhibitions. Delivery of the Heritage Festival in the city centre in 2015/16 requires external funding to be secured by Vivacity.	-10
Sports development	The reduction in the service fee will be managed by Vivacity as part of a review of how it supports a range of sporting activity. Vivacity anticipates no direct impact in 2015/16 on the service provided currently by the sports development team if trading performance is strong. However, the reduction in funding could impact on Vivacity's ability to support the Perkins Great Eastern Run, and in particular its support for volunteers.	-70
The Lido	Vivacity anticipates revisiting admissions charges as a result of this change.	-60
	Development of self-financing cultural and leisure services (This includes a £250,000 target set for 2015/16 in last year's budget)	-400
<b>Total</b>		<b>-800</b>

The MTFS for 2016/2017 outlines no reduction in the service fee for Vivacity. The council will make a capital investment to expand Vivacity's Premier Fitness leisure centre in Hampton. This will result in extra income through additional membership. The council and Vivacity have agreed to share profits generated through this expansion. The council expect this to generate £120,000 annually from 2017/18 onwards and £50,000 in 2016/17

## 5.1 Summary

In looking to the future, Vivacity is working closely with the Council to ensure that the services it provides continue to offer both a compelling, and value-for-money offer. The aims and objectives outlined below are taken from the Vivacity Business plan 2015 – 2020, it is noted that Vivacity are currently working on a new Business plan 2016 – 2021 for which some of the aims and objects may change, however this document has yet to be shared with the Council and are therefore unable to represent them in this report.

### **Vivacity's strategic aims included:**

- To increase the number and range of people who enjoy Vivacity services;
- To deliver services of greater quality;
- To improve the value for money for all customers and for PCC as primary funder;
- To bring new financial resources and skills to the City through providing new and improved services supported by regional, national, European and international bodies;
- To support and encourage other organisations and charities working in Peterborough who contribute to the sport, arts and heritage life of the City;
- To transform Vivacity's style of working.

### **Strategic aims over the next 5 years**

- Grow our income;
- Take a cost centred approach to all parts of the business.
- Grow income generating parts of the business.
- Increases alternative sources of income
- 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
- More customers using our services;
- Ensure that more people use our services by continuing to be a marketing led organisation
- Measuring and taking action to attract people from all sections of Peterborough's communities – this will mean increasing the number of Vivacity cards actively being used.
- Gather best practice from others across the country.
- Improving the quality of our service;
- 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.

## 5.2 Culture

Vivacity's ambition – is to continue to play a significant role in supporting the information, educational, cultural and recreational needs of the communities in Peterborough. Vivacity work closely with local, regional and national partners, together they support the development of the cultural offer to continue to raise the creative profile of Peterborough both within the city and beyond. Vivacity's ambition is to evolve their offer to be more vibrant, family orientated and business-like, while continuing to play this important role against an increasing pressured financial resource. This portfolio reports to the director of culture, a post which is currently vacant and post out to advert.

A newly formed Culture team were brought together in 2015 from a merger of Arts, Libraries and Heritage, to deliver a range of projects. The most significant of these projects, together with their rationale, are set out below:

- Perhaps the highest public profile initiative in 2015 was the implementation (in May) of the new delivery model for libraries. The Council invested £170,000 to develop a self-service system, Open+ which touched every aspect of the library service and was covered in the security report on this subject in November 2015.
- The Arts Council grant programme Peterborough Presents is now in full swing with a large scale programme investing £686,000 over the next two years through the Peterborough Presents consortium, of this £190,000 will be delivered by Vivacity. Vivacity will be applying for legacy funding to continue the programme in 2017/8. The programme included the City Centre being 'taken over' by artists and community groups including Britten Sinfonia, local musicians, the Peterborough Music Partnership and St Johns. Vivacity also aimed to create a retail choir with Queensgate and young people producing work at the Key Theatre. Through the programme twelve young people have taken up paid internships and apprenticeship places across the UK and we will continue to support artists and voluntary groups with development grants. An important part of the consortium's delivery will be through the arts festival with the digital commissions by Magnetic Events and local artists and communities. The success of Peterborough Presents will grow confident and mature relationships with regional and national partners, and audiences, laying the ground for future growth in investment and attendance.
- Vivacity has seen significant grant investment over the past four years and are midway through the cycle of their larger awards such as Peterborough Presents. In 2015 the cultural development team will develop a large scale application to the Grants for the Arts Libraries fund. Vivacity have applied for funding for projects to be delivered in and by public libraries in partnership with artists and focused on digital engagement. This will be an opportunity to create a cultural development programme across our whole service, provide content and support to their festivals, events and exhibitions and encourage library users and those living locally to take part in artistic and cultural activities.
- Flag Fen currently requires a significant direct operating subsidy, currently £125,000 per year. Although improvements have been made since the site transferred to Vivacity in terms of visitor numbers which have risen (from 7,500 in 2011 to 10,125 in 2014) a step change in the type of experience offered is required if the facility is to move to an operating surplus. Vivacity's vision for the site is to create 'a vibrant and financially viable Bronze Age attraction'. While still at the concept level the proposal is that the new Flag Fen could open in spring 2017. It will offer an enhanced visitor experience with greater interpretation of the site and more attractions and features to appeal to a wider market resulting in around 40,000 visits per year. The capital value of the project is forecast to be around £1.5m with the majority of funding coming from external grants.

- Vivacity have been delivering a fuller heritage education programme at Flag Fen taking advantage of the inclusion of the Bronze Age in the National curriculum. Working as a key partner of the Peterborough Literacy Campaign (a National Literacy Trust partnership campaign to improve literacy skills across the city), Vivacity will apply for funding to sustain our programme where it interfaces with the objectives of the campaign
- Vivacity has driven increased audiences at the Key Theatre year on year, simultaneously improving its financial and operational performance. The priority now is to maintain the quality of theatre programme with audiences and accelerate the improvements in financial performance reducing the subsidy to the theatre from £161,000 to £58,000 by 2018. This will be achieved by introducing a booking fee for all tickets, an arts pass and new income streams from youth theatre services, events and celebrations as well as our professional developing one day course Art of Being Heard and new childcare holiday provision.
- In 2014 Vivacity improved the financial performance of the bar and catering provision at the Key Theatre, exceeding existing business plan targets (a profit of just over £26,000). Going forward Vivacity expect to see an increase in secondary spend and have set a target of £40,000 for 2015. Vivacity will be working with their Business Development Manager to further increase performance of the bar and catering and will be reviewing our product offers to further meet the demands of our audience.
- The profile of Vivacity's sculpture portfolio will be increased through the delivery of their Sculpture Action Plan, they will continue the conservation and maintenance programme and in 2015 we will focus our efforts on fundraising and re-siting iconic works such as: Sir Antony Gormley's *Places to Be*, in summer 2016, subject to reaching agreement with the site locations and artist, and securing support; and Sir Anthony Caro's *Lagoon* by summer 2015.
- Vivacity have successfully secured £99,000 from the Heritage Lottery, and will deliver a three year project which started in 2015 with the end coinciding with the anniversary of the First World War. The project will most prominently focus on the research, digitisation and commemoration of log books kept by Peterborough Station's Women's Temperance Society culminating with a unique exhibition in 2018 featuring the digitised content.
- In 2014 Vivacity developed a business development programme within the heritage service and in 2015 brought a number of these to fruition including themed corporate "Night at the Museum" events, weddings, themed dining experiences, murder mystery evening, sleepovers and birthday parties. These new ventures are expect to increase museum income to £103,000 in 2015 rising to £163,000 in 2018.
- Vivacity had and still have the ambition to curate an exhibition of works by Andy Warhol, this project was put on hold until security upgrades can be made to the gallery which are due to take place in the coming months. To sustain the programme beyond 2016 Vivacity will need to fundraise with partners. The challenge of maintaining the programming will also be an opportunity for projects emerging from Peterborough Presents to create exhibitions to be presented in the art gallery and museum.
- Vivacity continue to deliver a three year festival programme. The Heritage festival has been supported by a sponsor BGL, who have committed £20,000 per year. The Arts Festival programme for 2015 was delivered by working in a strategic partnership with Magnetic Events. Vivacity will continue to develop the relationship with Magnetic Events and Peterborough Cathedral working towards a digital commission in 2018. Through a planned application to grants for the arts Vivacity will secure investment for the festival in 2015-2018.

A key strand of the programme will include closer working with business to secure greater ownership and direct investment to help increase sustainability of our major events programmes.

## 5.5 Sports and Health

Vivacity's ambition is to continue to play a significant role in helping residents enjoy a longer and better quality of life using sport and physical activity as a catalyst for optimising health and wellbeing.

Vivacity aim to be the provider of choice for residents and visitors to Peterborough in meeting their sporting and healthy living needs. Vivacity will work in partnership with a wide range of local, regional and national organisations to achieve this, developing relationships that create opportunities for people to participate at the level of their choice in either a recreational, playing, competing, coaching or voluntary capacity. Vivacity's focus will remain on helping people to gain: health benefits; sporting success; new skills and opportunities to play, enjoy and compete if they so wish. Vivacity will provide services that are inclusive and deliver appropriate opportunities to those with long term health conditions where it is known their health can be improved and wellbeing enhanced. We will actively compete to provide the best value in gym membership in the city and offer a comprehensive range of services which respond to our community's needs. The most significant projects within this, together with their rationale are set out below:

- Health and Fitness is the biggest single income stream for Vivacity and underpins the wider delivery of cultural services across the city. Accounting for £5.6m annual income, this equates to 57% of Vivacity's total income. Vivacity's strategy is to maximize usage and financial return from the existing facilities utilizing a range of methods including making physical improvements to increase membership capacity, refining our pricing structure, reviewing membership categories and introducing new terms and conditions. Included in the 2015 business plan was a potential contribution of £78,000 in 2015-16, rising to £234,000 the following year at Vivacity Premier Fitness as a result of physical enhancements that are scheduled for completion in September 2016. A further £50,000 income will be derived across the Vivacity gym network as a result of a membership/pricing review. During 2015/16 Vivacity will investigate the feasibility of developing a new standalone budget.
- Health and Wellbeing underpins Vivacity's work and they will continue to ensure everyone has the opportunity to access activities. Working closely with health professionals Vivacity's health and wellbeing team will further develop their health improvement and rehabilitation programmes to support those people with long term health conditions. Vivacity's work focus on a range of conditions including diabetes, obesity, hypertension, mobility, stress/anxiety/depression, musculoskeletal and respiratory conditions, dementia/Alzheimer's, stroke and heart failure with tailored support being provided to participants. Following the changed landscape of local health services Vivacity's will seek to exploit new opportunities to drive further health improvement.
- Vivacity aim to ensure that everyone has the opportunity to access services this is a key priority and in addition to their core offer Vivacity will deliver a wide ranging 3 year programme of activity for disabled people on behalf of Inspire Peterborough utilizing £84,650 grant funding. The service will be provided at both Vivacity venues and in other community settings with over 500 activity sessions per annum catering for up to 250 clients attracting 5,000 attendances.
- Vivacity identify swimming as a life skill, essential for personal safety and a gateway to future enjoyment of water based activity. Vivacity teaches around 2200 people to swim every week and are passionate about children and adults gaining high quality teaching in small groups so they can have fun safely in and around swimming pools and be able to enjoy other water sports or progress into competitive swimming. Vivacity have further enhance the swim academy by improving the customer journey utilizing the latest technology in enrolment and progression through the scheme. Vivacity have also invest in the employment of a swim

academy coordinator to oversee the scheme, maximizing the effective use of teaching space, quality of lessons and customer journey. The programme will complement the schools learn to swim programme (key stage 2) and continue utilizing the Amateur Swimming Association curriculum and award scheme.

- Vivacity's commitment to "doing things the right way" is key to continued success and Vivacity will regularly scrutinize their services to benchmark process, procedures and performance using recognized benchmarks including mystery visits, surveys, customer forums and our own quality management system (QMS). The Council are currently working with Vivacity to produce a new set of performance indicators which can be national benchmarked

## **6. IMPLICATIONS**

- 6.1 As budgets become more constrained, the Council will need to ensure the very best possible return on any continuing investment in discretionary services the two services that Vivacity provide which are not discretionary are the library services and Key stage 2 swimming

Vivacity, as an independent organisation, needs to continue 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 This report has been developed in conjunction with Vivacity.

## **8. NEXT STEPS**

- 8.1 The comments of the Scrutiny Committee will be considered by the Portfolio Holder and discussed further with the Trust.

## **9. BACKGROUND DOCUMENTS**

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

- 9.1 Existing Council strategies, the Funding and Management Agreement dated 1 May 2010 between the Council and Vivacity.