

# Executive Decision Report

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## **TOURISM, CULTURE AND INVESTMENT DIVISION SPENDING REVIEW**

Decision to be taken by: City Mayor

Decision to be taken on: 20 October 2017

Lead director: Mike Dalzell

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**City Mayor**

## **Useful information**

- Ward(s) affected: All
- Report author: Mike Dalzell, Director, Tourism, Culture and Investment
- Author contact details: 0116 454 2931
- Report version number: 1

### **1. Summary**

- 1.1 The report outlines how £1.08m of net revenue cost savings per year will be delivered by the Tourism, Culture and Investment (TCI) division by financial year 2019/20. Table 1 below shows how these savings are generated cumulatively across the three financial years 2017/18 to 2019/20. This represents a first phase of TCI savings strategy.
- 1.2 The proposals comprise a mix of i) efficiencies, ii) plans to generate additional earned income, iii) staff savings and / or cost transfers and iv) reductions in support to other organisations.

### **2. Recommendations**

- 2.1 The savings proposals outlined below at paragraphs 3.7 to 3.14 will realise savings of £1.08m per annum by 2019/20 as part of the Council's spending review programme
- 2.2 To reflect the anticipated savings in the approved budget and budget strategy, and to reduce the budgets by £381k in 2017/18, £775k in 2018/19 and £1.08m in 2019/20 and thereafter; and
- 2.3. To delegate authority to the Director of Finance to determine the specific budget ceilings affected.

### **3. Supporting information including options considered:**

- 3.1 This savings plan has emerged following a review of all TCI activities and operations which resulted in the proposals described. A further review will be carried out over autumn 2017 and in early 2018 to confirm these proposals are on track and to identify means of delivering further savings. Some of the options discounted here may require further consideration.
- 3.2 The current proposals assume no significant change to the levels of support for the festivals and events programme in 2017/18 and subsequent years, whether delivered directly by the city council or by external bodies. This had been considered as an option but was discounted at this stage.
- 3.3 Consideration was given to the complete closure of specific arts and museum facilities. Although this is a strategy that has been followed by many other local authorities in the current climate of central government funding cuts, there are no proposals at this stage to reduce our current portfolio, though if the

redevelopment of the Jewry Wall museum proceeds that could lead to the future outsourcing of facility management to a separate trust.

- 3.4 Consideration was also given to a reduction in support for Inward Investment and Place Marketing activities but this was also discounted given the importance of these activities to our economic action plan.
- 3.5 Close dialogue has been maintained with the two key organisations that receive the bulk of our external grant support (Curve theatre and Phoenix cinema/arts centre).
- 3.6 Options for more significant staff reductions were considered but discounted at this stage. The strategy assumes some reduction in working hours in one service area and the non replacement of certain vacant posts, but no compulsory redundancies are assumed.
- 3.7 **Efficiency Savings: (£319k by 2019/20):** Efficiency savings contribute the largest single element, 31.6% of the total. At de Montfort Hall a significant programme of capital improvements to the facility has been carried out in recent years (new seating, PA equipment etc.) much of which has been funded by the revenue budget, through income generation and efficiency initiatives. Still allowing a reasonable budget for future planned maintenance, the completion of that programme will enable us to save £150k from the revenue budget from 2019/20 onwards. Other efficiencies in ticketing, operations and hospitality will contribute a further £100k improvement per year from 2019/20 onwards.
- 3.8 Other operational efficiencies can be achieved of £39k per year by 2019/20 in the Arts and Museums service and £30k per year by 2019/20 in the economic regeneration service.
- 3.9 **Additional Income: (£295k by 2019/20):** It is felt there is scope to considerably improve income earning against the 2016/17 baseline budget targets. Additional income will deliver a further 29% of the strategy. Improved occupancy and pricing throughout the workspace portfolio will deliver an improvement of £140k against the 2016/17 baseline. At de Montfort Hall, investment in an extension of the current car park will also support £60k of additional income from 2018/19 onwards.
- 3.10 The Arts and Museums service also has plans to significantly improve commercial income performance, as well as enhancing sponsorship for our festivals programme (£45k by 2019/20) and additional income earning at our festivals and throughout the service (£50k by 2019/20). Typically this will be via improved commercial sales, event space and venue hire for weddings, children's parties etc.
- 3.11 **Staff savings / cost transfer: (£176k by 2019/20).** This element will deliver 17.5% of the target. One element is to capitalise £65k per year by 2019/20 to capital projects. This reflects the significant proportion of staff time incurred in delivering the ambitious investment programme for our museum service facilities. A further £35k will be saved by the non-replacement of an existing vacant post within the city centre team.

3.12 In the Arts and Museums service a detailed analysis of attendance across a four week period supports a reduction in opening hours at three venues. It is not felt this will have any significant impact on service as use of the facilities at the times proposed for closure is presently very low. Daily opening with free admission can still be promoted and there are sufficient opening hours remaining to constitute a “good offer” for visitors. In a full financial year this is expected to deliver £76k savings per year through a reduced staffing rota requirement.

3.13 **External Support** (£218k by 2019/20) The plan assumes a 30% reduction in city council support for Curve theatre from the 2016/17 baseline, equivalent to a reduction of £194,960 by 2019/20 which is being applied in three equal instalments starting with financial year 2017/18. The scale of such cuts has been discussed with Curve and has been incorporated into their forward financial planning. The plans also assume a 10% reduction to the current support offered to Phoenix, equivalent to £23,930, effective in 2017/18 and Phoenix are aware that there may be further cuts in future based on an annual review process.

3.14 Table One below summarises the above and provides more detail as to how savings will accumulate across the period.

<b>Table One</b>	<b>2017/18 Impact £</b>	<b>2018/19 Impact £</b>	<b>2019/20 Impact £</b>
<b>Efficiencies</b>	£63,000	£121,000	£319,000
<b>Grants</b>	£88,750	£153,570	£218,390
<b>Staffing cost savings / transfers</b>	£110,000	£166,000	£176,000
<b>Additional Income</b>	£119,000	£179,000	£295,000
	<b>£380,750</b>	<b>£619,570</b>	<b>£1,008,390</b>

#### 4. Details of Scrutiny

4.1 The proposals were presented to the Heritage, Leisure, Culture and Sports Scrutiny Commission on 18 September 2017.

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#### 5. Financial, legal and other implications

##### 5.1 Financial implications

5.1.1 This report sets out proposals to achieve savings towards the Council’s spending review programme, as summarised in Table 1.

Colin Sharpe, Head of Finance, ext. 37 4081.

## 5.2 Legal implications

5.2.1 Any proposals to make changes to terms of employment or reductions in staffing levels will require an appropriate process to be followed to include consultation with any affected employees and the trade unions. Advice should be taken from HR and Legal Services throughout this process, as appropriate.

Paul Atreides, Head of Law (Employment, Education & Litigation), ext. 37 1428

5.2.2 As there is a proposal to reduce grant funding the relevant agreements will need to be varied and for any efficiencies involving procured contracts then these will need to be reviewed to ensure any variations for future reductions are in place. Plans to generate additional income may require commercial terms being drafted. Legal advice will be provided on this and the consultation process at the relevant stage.

Jenis Taylor, Principal Solicitor (Commercial) Ext 37 1405

Emma Horton, Head of Law (Commercial, Property & Planning), ext. 37 1426

## 5.3 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

### 5.3.1 Equalities Implications

5.4.1 Under the Public Sector Equality Duty, when making decisions, the decision maker must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact of those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.

5.4.2 The option of changes to opening hours has been explored in the report and detailed analysis of attendance across a four week period has been undertaken, which supports a reduction in opening hours at three venues from autumn 2017. The possible impact of this has been referred to in the report and the author has concluded that it is unlikely to have any significant impact on service users, as use of the facilities at the times proposed for closure is presently very low and will not change the demographic profile of visitors. This analysis has not been shared yet with the Equalities Team for comment and it may be useful to append the analysis to future reports, in order that decision makers have full access to the evidence used to inform recommendations.

5.4.3 In terms of the 30% reduction in the support to the Curve and the 10% reduction in support for the Phoenix, there is the possibility that this could have an impact on their ability to provide a programme of activities which continues to meet the

needs of people with a diverse range of protected characteristics, advances equality of opportunity and which fosters good relations or to the accessibility of activities. The likelihood of impact has been lessened as the possible reduction in support has been considered in advance and engagement with the organisations has allowed them to plan ahead. The Curve, in particular, has been successful in securing other funding, for the next four years, meaning that there is unlikely to be a significant impact on the programme of activities offered or any changes to the accessibility for people from a range of protected characteristics. However, this should be considered in more detail in order to address whether there will be any changes to the programmes or accessibility of activities (for example, if activities which are aimed specifically at people with a disability are reduced), as a result of the reduction in support. The implications of any proposed changes to the programme of activities or accessibility of activities will need to be considered and an Equality Impact Assessment will need to be carried out at this time if changes are proposed.

5.4.4 The review may have an impact on some employment contracts. An equalities impact assessment will need to be done, in accordance with the HR policies and procedures, with a focus on the impact of the proposed changes on this group of employees.

Hannah Watkins, Equalities Manager 454 5811

## **6. Background information and other papers:**

Leicester: Great City Economic Action Plan (2016-2020)

<http://www.leicester.gov.uk/media/57817/economic-action-plan-2016-2020.pdf>

## **7. Summary of appendices:**

None.

## **8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No.

## **9. Is this a “key decision”?**

Yes.

## **10. If a key decision please explain reason**

The decision will result in on-going revenue savings in excess of £0.5m p.a.