

## **EXTRACT FROM CABINET FROM CABINET MINUTES MINUTE 97 – DOME OPTIONS**

### **(Cabinet Member with Special Responsibility Councillor Fletcher)**

The Corporate Director (Regeneration) submitted a report asking Cabinet to consider options for the future of the Dome.

The options, options analysis, including risk assessment, were set out in the report as follows:

#### **Option 1 – Closure and demolition of the dome, with no transfer of events.**

In option 1 an estimate for demolition of the Dome (*“to one metre below ground level, grubbing up and sealing off of services, removal of debris and arisings off site, etc”*) has been received from Birse Civils Limited. At 2009/10 prices the total cost estimate stood at £85,100 (2008/09 Base plus 2% inflation). Any capital growth in respect of the above has yet to be highlighted as an item for the Capital Programme and approval would be dependent on a project appraisal.

#### **Assumptions:-**

- Cessation of all operations at Dome.
- One permanent staff member subject to redeployment, with effect from April 1<sup>st</sup> 2009. Staff member may alternatively take redundancy option which would result in subsequent redundancy costs.
- Effective 1<sup>st</sup> April 2009, subject to no contractual costs relating to cancellation of existing bookings.

Projected revenue savings of £111,900 best case and £66,900 worst case scenario based on 2009/10 draft estimates. The projected savings for 2010/11 and 2011/12 are £121,200 and £127,200. A breakdown of the Option 1 financial appraisal is attached as an appendix to the report.

#### **Risks:-**

- The above would have a potentially damaging impact on the reputation of the Council and district. The closure of the Dome and no transfer of events would be viewed negatively in terms of the impact that shows and events make to the district and undermine the events strategy undertaken since the creation of Cultural Services. High profile event/shows such as those undertaken in 2007/2008, including;- the “Arctic Monkeys”, “Athlete”, “Reverend & the Makers”, and “the Kooks”, etc., would cease through the loss of the existing revenue budget.
- The above assumes an effective date of the 1<sup>st</sup> April 2009, and no contractual costs relating to cancellation of existing bookings. Based on the earlier work undertaken as part of the January 2008 report to Cabinet, bookings scheduled for the Dome in 2008/2009, the potential maximum estimated contractual costs of cancellations were calculated at £45,000 (there has not been time to-date to adjust the figures to reflect 2009/2010 pre-booked events). Pending Cabinet’s decision with regards to a preferred option on the future of the Dome, to avoid the risk of reputational damage the above is hypothetical, as no event promoter or organiser has yet been contacted with a

view to negotiating an alternative venue (which could offset some of the potential contractual cancellation costs). However, if the decision was taken now to close the Dome with effect from April 2010, there would be no contractual costs relating to cancellation of bookings, as to-date no bookings have been confirmed for 2010/2011. A decision could be made to coincide with the end of the 2009/2010 season to ensure no commitments are made for events to be held in 2010/2011.

- Permanent staff member could take statutory redundancy if redeployment not successful which would result in a cost, calculated at £6,000 (note this figure is based on March 2008 figures, with no enhancements. There has not been time to-date to adjust the figures to March 2009).
- No budget approval as present to demolish the Dome.

**Option 2** - Closure and demolition of the Dome, transferring the majority of events to the Platform and/or alternative venues within the District (including private sector venues) – subject to availability.

Assumptions:-

- Cessation of all operations at Dome.
- Transfer of events from the Dome to the Platform and/or alternative venues within the District (including related expenditure and income) – subject to availability.
- Retention of permanent staff – transferred to within Cultural Services to support events held in alternative venues.
- Effective 1<sup>st</sup> April 2009, subject to no contractual costs relating to cancellation of existing bookings.

This option would result in a net revenue saving of £91,100 best case and £46,100 worst case scenario based on 2009/10 draft estimates. The projected savings for 2010/11 and 2011/12 are £93,200 and £95,000. A breakdown of the Option 2 financial appraisal is attached as an appendix to the report.

As already referred to in option 1, option 2 also contains an estimate for demolition of the Dome. At 2008/09 prices the total cost estimate stood at £85,100 (2008/09 Base + 2% inflation). This capital growth has yet to be highlighted as an item for the Capital Programme and approval would be dependent on a robust business case and project appraisal.

In the event that Cabinet wishes to consider relocating the Dome based events/shows to the Platform, the latter would require a capital investment (staging, “blackouts”, lighting and sound systems, etc.) to bring the Platform to an equivalent operational standard - estimated at £132,600 (2008/09 Base + 2% inflation). These improvements have been identified as a request for growth within the Capital Programme but are subject to approval dependent on a robust business case and project appraisal.

Risks:-

- The above assumes an effective date of the 1<sup>st</sup> April 2009, and no contractual costs relating to cancellation of existing bookings. Based on the earlier work undertaken as part of the January 2008 report to Cabinet, bookings scheduled for the Dome in 2008/2009, the potential maximum estimated contractual costs of cancellations were calculated at £45,000 (there has not been time to-date to adjust the figures to reflect 2009/2010 pre-booked events). Pending Cabinet's decision with regards to a preferred option on the future of the Dome, to avoid the risk of reputational damage the above is hypothetical, as no event promoter or organiser has yet been contacted with a view to negotiating an alternative venue (which could offset some of the potential contractual cancellation costs). However, if the decision was taken now to close the Dome with effect from April 2010, there would be no contractual costs relating to cancellation of bookings, as to-date no bookings have been confirmed for 2010/2011. A decision could be made to coincide with the end of the 2009/2010 season to ensure no commitments are made for events to be held in 2010/2011.
- It should be noted that non-availability and layout of other potential venues within the District would mean a small percentage of events could not be considered for transfer. For the purposes of consistency all projections within this report are based on transferring 100% of the events from the Dome to Platform, as at this stage it is not possible to determine otherwise without discussing the situation with promoters.
- No budget approval at present to demolish the Dome.
- No capital investment approval at present to upgrade the Platform, and this would be subject to the business case.
- Failure to manage effective redirection of shows from the Dome to the Platform.
- Failure to achieve show income as estimates.

### **Option 3 - Continue current operation.**

In this option the City Council would continue to operate the Dome, presumably until such time as the outcome of the Morecambe promenade redevelopment is determined.

#### **Assumptions:-**

- Although there would be demolition costs associated with the Dome, estimated at £85,100 (2008/09 Base + 2% inflation), it is assumed that they would be offset against the overall costs of the redevelopment of Morecambe Promenade.
- Subject to a satisfactory outcome to the Morecambe promenade redevelopment, and if Cabinet still wished to consider relocating the Dome based events/shows to the Platform and/or alternative venues within the District (including private sector venues), the former would require a capital investment (staging, "blackouts", lighting and sound systems, etc) to bring the Platform to an equivalent operational standard - estimated at £132,600 (2008/09 Base + 2% inflation). These improvements have been identified as a

request for growth within the Capital Programme but are subject to approval dependent on a robust business case and project appraisal.

- There would also be revenue consequences linked to the above, in respect of additional expenditure and income (including staffing costs), associated with staging more events/shows in the Platform. At this time these costs have not been determined.
- That expenditure identified in the Capita Symonds Condition Survey will be capital in nature, starting in 2009/10. These improvements have not yet been submitted as growth within the Capital Programme and are still subject to robust review by both Cultural and Financial Services.
- A breakdown of the Option 3 financial appraisal is attached as an appendix to the report.

Risks:-

- No approval of budget allocation at present in respect of the condition survey.
- No capital investment approval at present to upgrade the Platform, and this would be subject to the business case.
- No revenue budget approval at present to transfer Dome events/shows to the Platform.

**Option 4** - Seeking a private operator to take on the operation of the Dome.

Within the January 2008 report, Cabinet was informed of an informal approach undertaken by the former Corporate Director (Regeneration), to identify a potential private operator. The matter was not pursued as only one operator was identified and the management fee sought from the City Council by the operator was prohibitively large.

Assumptions:-

- The outcome of the above would likely involve a Management Fee from the City Council to any operator and would therefore not yield any financial savings.

Risks:-

- The likelihood of finding a suitable and affordable operator for the Dome, for the time that remains before the redevelopment of Morecambe Promenade. It is difficult to identify where any operator would make any savings with regards to fixed costs, such as utilities, etc.
- Cabinet are reminded that the whole Bubbles Complex, including the Dome, has in the past been operated by a private contractor (as part of the Compulsory Competitive Tendering regime). Ultimately that contractor failed and the operation of the facilities reverted to the City Council.
- In the event that a private sector operator was identified for the Dome, it would likely operate in direct competition to the Platform and may impact on the programming and financial viability of the Platform.

Option 1 provides the greatest financial whole-life saving, whilst option 2 would allow the Council to retain a programme of events, and option 3 a deferral on one or both of the above. In view of the uncertainty regarding the long-term future of the Dome and the previous experience with a private operator, option 4 is not a preferred option.

It was moved by Councillor Barry and seconded by Councillor Fletcher:-

- “(1) That the Council immediately cease taking further bookings for the Dome for any period beyond 1<sup>st</sup> June 2009
- (2) That Cabinet approves, in principle, closure of the Dome on 1<sup>st</sup> June 2009
- (3) That Cabinet requests a further report from officers on the best way to do this.”

By way of amendment, which was accepted as a friendly amendment by the mover and seconder of the original proposal, Councillor Mace proposed, and Councillor Charles seconded, some additional wording:-

- “(4) That officers investigate the business case and possible external funding for the £132K improvements to The Platform, bearing in mind that in present circumstances the City Council cannot commit to this capital expenditure.”

Members then voted as follows:-

***Resolved:***

**6 Members (Councillors Bryning, Barry, Charles, Fletcher, Gilbert and Mace) voted in favour, 4 Members (Councillors Archer, Blamire, Burns and Kerr) voted against.**

- (1) That the Council immediately cease taking further bookings for the Dome for any period beyond 1<sup>st</sup> June 2009
- (2) That Cabinet approves, in principle, closure of the Dome on 1<sup>st</sup> June 2009
- (3) That Cabinet requests a further report from officers on the best way to do this
- (4) That Officers investigate the business case and possible external funding for the £132K improvements to The Platform, bearing in mind that in present circumstances the City Council cannot commit to this capital expenditure.

**Officers responsible for effecting the decision:**

Corporate Director (Regeneration)  
Head of Cultural Services  
Head of Financial Services

**Reasons for making the decision:**

The decision will result in revenue savings on the Dome whilst exploring possibilities for external funding for improvements to the Council's other venue in Morecambe, The Platform.