

# CABINET

## Williamson Park Update Report 20<sup>th</sup> January 2009

### Report of Head of Cultural Services

PURPOSE OF REPORT			
To update Cabinet on the latest position at Williamson Park following the interim management arrangements undertaken by Cultural Services.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	January 2009		
This report is public			

#### RECOMMENDATIONS OF COUNCILLOR FLETCHER

- (1) That Cabinet note progress to-date on the interim management arrangements for Williamson Park, including:
  - additional grant support of £50,000 being required for 2008/09, noting that this is a provisional figure subject to clarification for the remainder of the year;
  - the need for the Council to make provision to cover previous years' estimated losses, estimated at £100,000; and
  - the need to provide additional cash flow support to the Company during 2008/09, but that this be on a short term basis only, thereby avoiding any further charge on the City Council's budget.
- (2) That Cabinet determine a preferred option for the management and operation of Williamson Park with effect from 2009/2010, with a view to receiving a further detailed report on the future management arrangements for Williamson Park before final implementation.

#### 1.0 Introduction

- 1.1 On the 7th October 2008 Cabinet resolved the following in relation to Williamson Park [Minute (76) 08/09 refers];-

That Cabinet notes the request from the Williamson Park Company for further council support and agrees the following;-

- Endorse the action taken under urgent business procedure in respect of interim management arrangements within the Park as a result of staff sickness absence.
- That Financial Services provide interim financial management support for the Company, the exact extent of the support to be determined by the Head of Financial Services, in conjunction with the Head of Cultural Services, following a review of the current arrangements.
- That the Council provides short term cash flow support to the Company pending a full review of the financial position.
- That Cabinet receives a further report back on the long term future viability of the Company as part of the 2009/10 budget process pending the outcome of the reviews detailed above and receives a report on the latest position at the next Cabinet meeting.

## 2.0 Audit

2.1 Considerable progress has been made following the decision to provide interim management arrangements at the park. Officers from Cultural Services have worked with officers from Finance and Audit in order to undertake a full review of various systems and working practices. Staff from the Park have been involved in various meetings and their knowledge of the finer detail of the Park's operation has been invaluable.

2.2 Following a thorough review of various elements of the Park's current operation, the general tone of the 'audit' was very much with a positive, supporting approach and as far as possible the message to staff has been conveyed about how such improvements are for the long term benefit of the Park as opposed to any criticism of current practices. The City Council's audit team have worked extremely hard on this project and their efforts are much appreciated by Cultural Services.

## 3.0 Operational Issues

3.1 Officers from Cultural Services have worked closely with staff at the Park over recent months addressing a range of issues in order to keep the park operating smoothly. The Head of Cultural Services, supported by the Cultural Services Manager and Promenade/Outdoor Facilities Manager have been coordinating the gradual shift required to concentrate work programmes to "fit" with budget resources available for the remainder of this financial year, ensuring only absolutely essential work is undertaken to minimise impact on both Park and Council budgets. Considerable work had to be undertaken with regard to ensuring staff were paid correctly and on time, with additional staff from within Cultural Services being brought in to deal with this.

3.2 Some minor improvements have been implemented to the Café operation – with clear staffing rotas prepared in advance with the supervisor asked to ensure timesheets were completed correctly and matched hours worked on the rota. The menu selection has been slightly changed to help achieve increased profit margin on some items. An overall review of suppliers (associated costs) and stock rotation has commenced and changes will continue. Staffing of the café operation, especially with seasonal influences is currently being reviewed and will likely result in further changes to the menu offer to enable one member of staff to undertake duties without damaging customer service.

- 3.3 Throughout the whole operation of the Park suppliers of goods and services are being reviewed and an example of implementing efficiencies is by procuring the purchase of uniforms through one supplier in a bulk order as opposed to ordering ad hoc. A purchase ordering system has been introduced with key staff now required to include purchase prices prior to order and matching invoices to the original order. This will also help with closer budget monitoring of performance in the future.
- 3.4 Cleanliness of the facilities is proving an issue and there appears to be opportunities for utilising staff who work at the Park through the late hours to greater effect in this area (cleaning). The suggested revised staff structure attempts to address this and other issues. A cleaning check list system has been introduced and there are still cultural issues with making staff aware of the importance of keeping facilities clean such as the café and toilets.
- 3.5 Staff meetings are held on a weekly basis with a message book system introduced in order to assist with improving internal communication.
- 3.6 Maintenance of buildings is a key area for consideration and it would be beneficial for Property Services to undertake a Building Condition survey of some facilities in order to help plan spend against maintenance and repair revenue budgets.
- 3.7 The relationship with the Dukes Theatre has improved significantly with a series of pre-event meetings having already taken place in preparation for next summers shows in the Park. The gardening team and deputy manager have contributed to helping improve the working relationship with the Dukes by highlighting various issues which need to be addressed now and agreement reached in order to prevent any on site misunderstandings when it may be too late to effect changes.
- 4.0 Human Resources
- 4.1 The Council's Principal Human Resource (H R) Manager has worked thoroughly with officers from Cultural Services in addressing a range of HR issues. The initial review highlighted a number of staff on contracts which had expired and were still working at the Park and considerable differences in rates of pay between staff undertaking similar or the same duties. Information has now been gathered which clearly sets out the basis of employment for each member of staff. There are still a number of HR issues to be resolved, not least the need to implement a consolidated staff structure. The emphasis is on providing clear areas of responsibility for staff and to enable monitoring of financial performance to be concentrated on the specific cost centres. The financial basis for a staffing structure is to be contained, as a minimum, within estimated budgets for next financial year.
- 4.2 Matters surrounding HR continue to be addressed and it is expected that staff will be served with correspondence which informs them of the current review of all roles and simultaneously deals with extending current contracts where applicable until such a time that the implementation of any staff structure has gone through due process.
- 5.0 Finances
- 5.1 Further commentary is included within the appropriate section of this report relating to financial performance of the Park. It is worthy of note that the assistance from Financial Services has been extremely supportive and enabled a clearer understanding of the current financial situation and measures that need to be taken in order to ensure the park remains open and staff are paid.

- 5.2 Financial Services continue to play an integral role in assessing the level of support required from the City Council and are working closely with officers from both the Park and Cultural Services in order to provide the necessary financial information that will enable informed decisions to be made on the future of the Park.
- 5.3 It should be noted that an additional budget of £50,000 for grant support has been included in the Council's draft 2008/09 Revised Budget, and that this is still provisional subject to further analysis required to finalise the position for the Park for the remainder of the year. This level of support is based broadly on the company achieving a break-even trading position.
- 5.4 Subject to further work on the Park's financial position, it is highly likely that the Park will not be viable without either approving a growth bid from the Council, or introducing a reduced level of operation. Current projections are that the Park will have an ongoing annual shortfall of £82,000 from 2009/10 onwards, if its operations stayed broadly the same.
- 5.5 In addition to the extra grant support required by the Park in this year, there are two other financial issues that Cabinet is requested to note:
- In addition to providing grant support for the Company to break even, it will need further cashflow support, although this will be given on a short term loan basis. The level of extra cash flow support could be as high as around £100K. As this will be a temporary arrangement (it may be actioned through paying a proportion of next year's grant early), it would not represent a charge on the Council's budget.
  - There will be a further charge on the Council, however, as there is a need to make provision for the Company's accumulated losses from previous years. This is current estimated at around £100K. (In short, it is main reason why the Company's cash flow needs further support.) As there is no reasonable prospect of the Company being able to address this in future, and with the Company being wholly local authority controlled, this liability needs to be covered by the City Council.

## **6.0 Proposal Details**

- 6.1 An update on issues following implementation of the interim management arrangements will have been presented to the Williamson Park Board at their meeting on 8th January 2009. Guidance will have been sought on the views of the Board specifically with regard to future operating arrangements. This report provides options for Cabinet, ranging from;- continuing with current interim arrangements; reducing the City Council's involvement to the least possible basis; or reverting to Status Quo (which would include retaining a General Manager role). Further implications are included within the options analysis section of this report.
- 6.2 The Williamson Park Board will have met prior to Cabinet considering this report - there is a Williamson Park Board scheduled for January 8<sup>th</sup> 2009, who will address many of the issues within the body of this report. However, specifically related to staffing structures the Williamson Park Board's attention will be drawn to an option made within the report to their Board that in future Williamson Park could operate as an "in-house" function within Lancaster City Council. To-date there has been no debate or decision in relation to the above option, but the issue will be the subject of a further report to Cabinet.

## 7.0 Details of Consultation

7.1 Consultation has taken place with the current deputy manager and trade unions with regard to alternative management and operating arrangements. Dependant on views of Cabinet following this report and taking in to account views of Williamson Park Board, further formal consultation would take place with all staff.

## 8.0 Options and Options Analysis (including risk assessment)

Option	Advantages	Disadvantages	Risks
1. Current interim management arrangements continue and estimated budget for 2009/2010 is agreed, to include annual growth of £82,000 from 2009/2010 onwards.	<p>The operation of the Park would continue thus enabling appropriate time to review key areas with further reports to Cabinet provided on options to improve current operation.</p> <p>Support would continue to be provided to current staff and various improvements planned and identified in the Audit report would be able to be implemented.</p> <p>Council has clearer picture over value for money received in return for the subsidy provided.</p>	<p>Additional cost to Council of £82,000 from 2009/2010 onwards.</p> <p>Additional grant support not providing value for money.</p> <p>Significant additional work impact on Cultural Services and other services would need addressing.</p>	<p>Would place significant pressure on existing Cultural Services work programme and business plan, as well as other key Council Services involved.</p>
2. Continue current interim management arrangements, with a view to bringing operation back "in-house", on the basis that no growth bid will be required.	<p>The operation of the Park would continue, but possibly at a reduced level (possibly part closure of some facilities).</p> <p>£82,000 growth based on Private Sector Accounting principles, therefore potential for efficiencies should the Park operate under Local Authority Finance rules.</p>	<p>Possibility that current operation could only reasonably be achieved on the basis that the estimated budget for 2009/2010 is agreed, to include a growth of £82,000 in 2009/1010, however it is not yet known whether the Park is operating as efficiently as it could.</p> <p>Potential costs of decommissioning elements of the current park operation or winding up of the Company (costs not yet determined).</p>	<p>Without the additional growth of £82,000 in 2009/1010 or reduced level or change in operation the Park will not be viable.</p> <p>Limited guarantee of any need for future support in addition to that already being offered from Council.</p>

Theoretically, there is a further option of retaining the status quo i.e., where Williamson Park reverts to operating without support of interim management arrangements from City Council and

estimated budget for 2009/2010 remains at standard inflationary increase on previous year. However, this is not really a viable option for the Council as the Company is Local Authority Controlled, therefore the Council would still be obligated to take some remedial action. As such the above is not included in the options and options analysis.

## **9.0 Officer Preferred Option (and comments)**

9.1 Option two above allows the operation of the Park to continue, at a reduced or more efficient level, without the need for the Council to increase its revenue contribution over and above the original estimated budget for 2009/2010.

## **10.0 Conclusion**

10.1 There is a need to ensure that the Council receives value for money in it's partnership with Williamson Park, and this reports sets out to offer options that meet such requirements.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Williamson Park is a major attraction for both residents and visitors alike. Its long term viability is a key priority in both the Council's Regeneration and Tourism strategies which recognise it as a place of national, regional and local importance. Its work with the Dukes Theatre, other touring production companies, local event organisers, and local schools, is an integral part of the council's Cultural offering.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None directly from this report.

### **FINANCIAL IMPLICATIONS**

#### **For the Current Year:**

Officers from Financial Services and Cultural Services have worked together in assessing the additional grant support required in 2008/09 for Williamson Park, totalling £50,000. This figure has already been included in the City Council's draft General Fund Revenue Budget, however is provisional subject to further clarification of the position for the Park for the remainder of the year. It should be noted that this covers a 14 month period up to 31<sup>st</sup> March 2009 due to the Park extending its year to fit with the Council's financial year, i.e. 1<sup>st</sup> April to 31<sup>st</sup> March.

The need to make provision of £100,000 for accumulated losses will be reflected only in the Council's budget – it will not be paid over to the Company. Should Members support bringing the operation back in-house, this provision would be applied in winding up the company's accounts.

With regard to further cash flow support to the Company for the remainder of this financial year, this would be on a temporary basis, i.e. that it be repaid after 31 March. As such, there will be no real cost to the Council, other than a small loss in interest. As mentioned earlier, it may be possible that this temporary facility would be actioned by way of paying some of next

year's grant early. (Even if the Company is to be wound up, this can take several months).

#### **For Future Years:**

The Council has also included a grant of £171,700 (including 2% inflation) for the Park in 2009/10 in its draft GF Revenue Budget. Based on current operations it is estimated that the Park will have a deficit of £82,000 per annum from 2009/10 onwards unless it receives more income or reduces its expenditure, therefore it is highly likely that the Park will need to submit a growth bid to the Council to cover this if it is to continue in its current guise. It should be noted that the additional sum required is based on Private Sector Accounting Principles and that this may change if the Park was to be brought back 'in-house' sometime in the future as it would then operate under Local Authority Finance rules.

Under Option 1, there would be an additional cost of £82,000 as well as staff resources to take into account, which under the present financial climate would add increased pressure to the Council's General Fund Revenue Budget.

Under Option 2, there would be no growth required on the basis that the Park would need to operate at a reduced level until such time it came back 'in-house'. It is likely however, that there will be initial costs in the winding up of the Company and this will need to be looked into further (including timescales involved) should this be the preferred option. However, it is also more likely that this option will provide the greatest efficiencies overall for both the Park and the Council in the long term.

Once Cabinet have determined their preferred option regarding the future operation of the Park, a more detailed report (to include all operational, financial and legal matters) will need to be brought back to Members before final implementation.

#### **SECTION 151 OFFICER'S COMMENTS**

The s151 Officer's advice regarding the need to make certain provisions has been reflected within the body of the report. She would also highlight that the necessary financial involvement by the Council may well result in the need to produce Group accounts, as part of closing down the Council's accounts for 2008/09. If so, this will add considerable workload and the s151 Officer will review the implications of this in due course.

#### **LEGAL IMPLICATIONS**

Upon Cabinet determining their preferred option the question of the status of the Local Authority controlled company (created to manage the Park) will need to be addressed as part of the detailed report referred to in the above mentioned Financial Implications.

#### **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

#### **BACKGROUND PAPERS**

None

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