



Cambridge City Council  
**Environment and Community Scrutiny**  
**Committee**

**Date:** Thursday, 3 October 2019

**Time:** 5.00 pm

**Venue:** Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

**Contact:** [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk), tel:01223 457000

**Agenda – Second Circulation**

9 Jesus Green Lido Improvements (Pages 3 - 12)

11 Cambridge Live - Independent Review: Findings & Recommendations (Pages 13 - 32)

**Environment and Community Scrutiny Committee Members:** Smart (Chair), Barnett (Vice-Chair), Collis, Davies, Hadley, Martinelli, Payne and Summerbell

**Alternates:** Matthews, O'Reilly and Sheil

**Executive Councillors:** Massey (Executive Councillor for Transport and Community Safety), Moore (Executive Councillor for Climate Change, Environment and City Centre) and Smith (Executive Councillor for Communities)

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Item

## **JESUS GREEN LIDO - INVESTMENT PLAN**

**To:**

Councillor Anna Smith, Executive Councillor for Communities

Environment & Community Scrutiny Committee 03/10/2019

**Report by:** Ian Ross, Sport & Recreation Manager

**Wards affected:** All

### **Non Key Decision**

#### **1. Executive Summary**

A range of investigatory work is being undertaken at the Jesus Green Lido to consider current issues, future requirements and options to achieve these. This includes investigative work and structural assessment of the current buildings and pool tank along with potential investments required to maintain them for either their continued use or provide replacement facilities.

#### **2. Recommendations**

The Executive Councillor is recommended to:

- 2.1 Approve the phased approach outlined in this report to implement short term and consider longer term improvements to Jesus Green Lido.
- 2.2 To approve, subject to business case approval, the use of all remaining S106 developer contributions collected under the 'swimming pool' contribution type for eligible improvements at Jesus Green Lido proposed in this report. This includes unallocated swimming pool S106 contributions already received and those received in future.

- 2.3 To de-allocate £250,000 of generic S106 contributions from the Jesus Green Rouse Ball Pavilion project, so that these funds can, instead, be made available for other projects to mitigate the impact of development in Cambridge (that is, £125,000 back to community facilities S106 funds and £125,000 back to outdoor sports S106 funds).

### **3. Background**

- 3.1 In 2016 local swimming provision was mapped in line with the Sport England Facilities model as part of the Indoor Sport Strategy [ISS]. A sub-strategy for swimming pool investment was approved at Committee in June 2018. The ISS modeling shows that the city's pools are nearing capacity and that additional water space is required to provide for the needs of the city and surrounding areas to keep up with growth to 2032. The modeling does not include pools such as Jesus Green Lido as the pool is not of a standard size, is unheated, and is only open on a seasonal basis.

#### ***S106 Developer Contributions***

- 3.2 In accordance with its planning policy, the Council collects S106 developer contributions to help mitigate the impact of development in Cambridge in order to provide new facilities or improve existing ones. This funding has to be used for the purposes (and contribution type) for which it was secured and cannot be used for repairs, maintenance or like-for-like replacements.
- 3.3 Two sets of S106 funds that are particularly pertinent in this case.
- a. The Council has agreed swimming pool S106 contributions from the major growth sites (e.g., the Southern Fringe and North West Cambridge). To date just, around £517,000 of these funds have been received, of which £230,000 has been allocated to improvements to the pool hall and features at Abbey Pool. This leaves available £287,000 of S106 funds under the 'swimming pool' contribution type.
  - b. In 2013, the Council allocated £250,000 of generic, off-site S106 contributions (half each from the 'community facilities' and 'outdoor

sports' contribution types) for improvements to Rouse Ball Pavilion. In June 2016, the (then) Executive Councillor for Communities agreed to refocus this £250,000 on proposals to develop new pavilion facilities within or next to Jesus Green Pool. The Council has refreshed the particular contributions allocated to this project, so that there are no immediate time limit issues. Even so, officers would advise against keeping contributions allocated to long-standing projects which are unlikely to move forward within two years.

#### **4. Investment Plan**

- 4.1 The Jesus Green Lido was constructed in 1923 and so is not far off its centenary year. The range of facilities supporting the pool offer a very basic provision and much of this needs repair, replacement or upgrading. The pool infrastructure is also in need of investment in order to retain operational functionality. A two phased programme of improvements and investments over the coming years are proposed to address these points:

**Phase one** - Invest S106 swimming funds into operational improvements to the pool tank and improvements to user facilities. Replace the plant room.

**Phase two** – Liaise with stakeholders to identify possible options and additional investment to improve the facility as part of the new leisure contract from October 2023 onwards. Any proposals would require both elected member and if necessary, planning approval.

Details on the areas of investment in phase one are as follows:

##### ***The Pool Plant Room***

- 4.2 This building is in a poor condition as it has suffered from ground movement causing the foundations to split. It is currently supported both internally and externally with structural scaffolding to ensure that the gable walls do not move further.

- 4.3 As the current structure cannot be repaired, a new building will be required. Options for replacement are as follows:
- a) The plant room remains in place for a further season whilst more detailed works are carried on the pool tank and pool plant required, and a new plant room would then be constructed either in the same place or at a new location linked to the requirements of the pool tank works. This option will depend upon feasibility works which are on-going for the pool tank and may require a new build in a different location, but it would be a permanent solution housing all new plant and equipment.
  - b) If considerable movement is detected during the closed season from October 2019 onwards, and the plant room has to be taken down for health and safety reasons, a replacement plan would be put into operation. This would require a temporary drop in filtration plant and structure to be bought in and would be located on the patio area next to the existing plantroom and connected into the existing pool pipework and services. This would ensure that the pool is operational for the 2020 season, and the old plantroom would then be demolished.
- 4.4 A capital budget bid for £140,000 is being made as part of the replacement works, as the new building is deemed to be a repairs and renewals requirement, and not eligible for S106 funding.
- 4.5 If the plantroom does fail over the winter, a contingency sum may be required to bring in a temporary filtration system for the coming season and demolition of the failed structure. These works can be funded from existing leisure management revenue budgets spread over the next two years.

### ***The Pool Tank***

- 4.6 The pool tank is a solid concrete structure built in 1923, measuring 100 yards long and 16 yards wide (91mx14m). It is 1.0m shallow at each end, sloping to 2.5m deep in the middle. The gradient is quite pronounced meaning that, within 15m of each end, most swimmers are

out of their depth. As such, younger, weaker and non-swimmers congregate in the first 10m of each end of the pool.

- 4.7 The pool tank has had annual repairs to address frost damage endured over the winter months. Works to seal floor joints, install new flexible floor sealing bands, refresh paintwork, maintain pool flow and return pipework are undertaken each season; however, the tank loses water and has to be regularly topped up.
- 4.8 It is proposed that works are now undertaken to create a new pool tank, to address the years of wear and tear on the current concrete structure, ensure water tightness and to install thermal linings to the pool floor and walls. This latter feature would enable the pool to naturally warm up more quickly and retain heat for longer. This would particularly be of benefit to swimmers who are susceptible to cold water due to age, mobility and swimming ability and enable them to use the pool for longer. Examples of such insulation can be seen at <http://www.thermapool.co.uk/>. It should be noted that water temperatures at the lido do not (and would not be expected to) reach levels associated with indoor pools.
- 4.9 It would also be beneficial to consider changing the surface water drains to a deck level system, such as at Parkside Pools. This would enable the many leaves that currently fall into the pool to be directed and retrieved into surface level drains.
- 4.10 This would improve swimming experience, water quality as well as reduce debris within the pool tank and filter systems. It would also reduce the time and resource currently required to physically lift the leaves by net out of the pool.
- 4.11 The works would take approximately ten months. Building works for the plantroom cannot be committed to until full structural calculations and designs are available and planning approval awarded. This means the earliest work could start is September 2020, with opening programmed for May 2021. The timetable would be reliant upon amenable winter

weather conditions and ground water levels to enable completion of construction works.

- 4.12 An initial set of core samples and ground excavations will be taken at the end of the season in October 2019 and all the designs, costings and procurements would be carried out between September 2019 and September 2020. This would allow construction works on the final costed and designed plans to start in September 2020 and to conclude in May 2021.

### ***Other works***

- 4.13 Subject to sufficient s106 funding, other smaller scale improvements will be carried out over the current closed season. This will include:
- Updates to the women's toilets and shower area
  - Updates to the men's toilets and shower area
  - Improved floor drains in the changing rooms outside of the women's toilet blocks
  - Improved accessibility and privacy to some of the wooden changing rooms
  - Consideration of pool cover options
- 4.14 The new pool tank should enable thermal gain in the pool water earlier in the season and better retention throughout the season meaning there is a better business case for a longer opening season. This has already been requested by some users and some members of the Friends of Jesus Green Lido group, alongside requests for more early morning sessions.
- 4.15 A consultation exercise will be undertaken in the close season to generate feedback on a range of issues such as:
- a) Options for adjusting the pool profile (depths)
  - b) Extended hours of opening for earlier morning sessions, later evening sessions and the length of the season. It should be noted that changes to the leisure contract in this respect may incur extra cost.

- c) Options for refreshed timetable and programming of pool activities to include lane swimming, general swim sessions and featured activity sessions during the season.

## **PHASE TWO**

### **NEW CONTRACT: OCTOBER 2023 ONWARDS**

- 4.16 The second phase will involve stakeholders in considering designs for combined facilities at the pool which would serve the pool, the park and the local neighbourhood. This could include improved entrance, changing and toilet facilities, community space and a café.
- 4.17 External funding options will be investigated including Sport England and/or Heritage Lottery funding, and other external private or capital investors.
- 4.18 The Council will consider options for improvement and investment as part of the approach to developing a specification for the next leisure management contract which will start in 2023.
- 4.19 Although the aspiration for more park and community facilities at the pool remains, as delivery would not be until 2024 and beyond, it is recommended that the S106 funding currently allocated to the project is de-allocated and made available for other projects.
- 4.20 Separate from the Jesus Green Lido works, the Assets Team in Streets and Open Spaces will be responsible for considering future use and options of the Rouse Ball Pavilion.

## **5. Implications**

- 5.1 **Financial implications:** Funding of up to £45,000 for consultations and investigation works at Jesus Green Lido was approved at this Committee in June 2018 and this is supporting the current work.
- 5.2 S106 contributions can only be spent once they are received. Although recommendation 2.2 seeks the allocation of all remaining swimming

pool S106 contributions to eligible works at Jesus Green Lido, they will only be allocated to the project once they are received. Currently, £287,000 is available.

- 5.3 Of the £250,000 community facilities and outdoor sports S106 contributions currently allocated to the Jesus Green Pavilion improvement project, the first reach their time limits in 2023. Deallocating the £250,000 from that project now will help to make sure that there is sufficient time for alternative projects to be found and for the S106 funding to be used in a timely manner.
- 5.4 **Staffing implications:** None.
- 5.5 **Equality and Poverty implications:** The type of proposed improvements to the pool will increase accessibility, particularly for weaker or less mobile swimmers. There is no EQIA at present as the work is at investigatory stage. A full EQIA will be undertaken as the proposals evolve.
- 5.6 **Environmental implications:** Environmental and energy use issues/solutions are an important aspect of the investigatory works. Proposals will include environmental impact surveys and energy efficiency studies as part of the new pool plant works.
- 5.7 **Procurement implications:** None at this stage.
- 5.8 **Community Safety implications:** Community safety, health and safety and safeguarding considerations will be incorporated into designs for any new public buildings.

## 6. Consultation and communication considerations

Consultation on any future designs will be undertaken with a range of stakeholders including users, Friends of Jesus Green Pool, Jesus Green Association, GLL, internal departments in the Council and the wider public.

**7. Background papers - none**

**8. Appendices - none**

**9. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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Item

## Cambridge Live Report

**To:**

**Environment and Community Scrutiny Committee** 3 October 2019

**Report by:**

Suzanne Hemingway

Tel: 01223 457461 Email: [Suzanne.Hemingway@cambridge.gov.uk](mailto:Suzanne.Hemingway@cambridge.gov.uk)

**Wards affected:**

All Wards

Non-Key Decision

### **1. Executive Summary**

Following the decisions taken by this Council, and by Cambridge Live, to end the contract for services with Cambridge Live, and transfer all its staff and undertakings to Cambridge City Council, a review was commissioned into the events that led to this point.

A review has now been conducted by an industry expert, Mark Taylor, on behalf of the East of England LGA. This is attached as Appendix 1.

The review reports on an investigation into events that are seen very differently from different viewpoints, and finds that both the Council and Cambridge Live could have acted differently at key points, in ways that might have increased the chances of the independent trust developing into a successful and viable entity for the long-term. It highlights the learning from other trusts, in particular that the first five years at least of a new trust are often difficult, and that establishing a trust with an intention of

achieving savings is unlikely to create a sustainable basis from which to build a thriving organisation.

The intent of the report is not to cast blame on any individual or organisation, but to highlight areas where lessons can be learned, which might be valuable in managing other arms-length relationships, or in any future decision to create an arms-length trust.

The review has the benefit not only of hindsight into what happened, but also of the passing of time in respect of other organisations, to give a different view on trust formation from that which was taken at the time of the trust's formation.

This review did not examine in depth the financial position of Cambridge Live. Members will be informed separately when the auditors complete the accounts for the trust, on the balance sheet at the point of transfer.

## Recommendations

The Executive Councillor is recommended to note the report, and to ask officers to consider how the learning might best be applied to current and future relationships.

## 2. Background

The background to the decision to take Cambridge Live's services back in house is set out in the 19 December 2018 report: <https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=476&MIId=3565&Ver=4>

Which provides links to the original decisions taken to create the Trust.

The decision to commission an External Review was taken at Full Council on 21 February 2019:

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=116&MIId=3405&Ver=4> and the terms of reference for the review were approved by

the Exec Councillor for Communities at the Environment and Communities Scrutiny Committee on 27 June 2019:

<https://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=476&MIId=3606&Ver=4>

The external reviewer was commissioned through the East of England LGA and selected as an independent expert who had no previous relationships with either Cambridge City Council or Cambridge Live. The review took place between June and August 2019, with the report being produced in early September.

### **3. Implications**

The review contains lessons which should be taken into account in managing arms-length relationships, and in creating new arms-length organisations. The lessons for the Council to take on board include:

- Careful consideration about the reasons for creating a new organisation, or transferring services to an existing one, and the balance between cost saving and effective delivery;
- The need to consider carefully the role of councillors on Boards, their responsibilities and term of office;
- The need to consider whether a shadow board and shadow period of operation is appropriate as part of the set up;
- The importance of ensuring organisations have a robust business plan at inception, which is reviewed and developed on a regular basis;
- The delicate balance between supporting an arms-length body to develop and allowing it to be independent and set its own direction, is difficult to maintain and relies on skill and good will from all involved.

### **4. Consultation and communication considerations**

Past and present officers and members of the Council, as well as Cambridge Live staff and Board members were interviewed in the conduct of this review.

### **5. Background papers**

Background papers used in the preparation of this report:

Cambridge Live Review report.

### **6. Appendices**

Cambridge Live Review report.

### **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

Suzanne Hemingway, Strategic Director.

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# CAMBRIDGE LIVE LEARNING REVIEW

## Brief

I have been asked by Cambridge City Council (CCC) to undertake an investigation into the events leading to Cambridge Live (CL) being taken back in house by CCC. The purpose of the report is to:

1. Understand the issues that led to the point where CL asked CCC to take services back
2. Record any learning that is available to future officers and councillors

I was asked to focus on

- The setting up, structure, governance, legal and financial arrangements of the establishment of CL and whether they were adequate from the start
- The effectiveness of the oversight of CL by CCC
- The appropriateness of CCC's approach since October 2017
- Key learning and best practice in managing trusts

## Process

I have spoken to 15 people who have various perspectives, from Cambridge City Council, Cambridge Live and externally. These include current and former CCC staff, councillors, former CL board members and staff and people who understand the arts and not for profit sectors.

I have also reviewed a significant number of documents generated by and for CCC and CL including formal committee reports and decisions, committee work looking at the original concept to internal CL documents, external and internal analyses and correspondence.

Unfortunately, a consensus rarely emerged and I have often had to analyse diametrically opposed views and versions of the same events. In some cases, dates and figures were disputed. The time allocated for this work, the amount of paperwork (some of it missing) and the complexity of the issues do not make clarity and interpretation easy. Where views

differ I have tried to corroborate with other sources. Where I have not been able to establish a clear picture, I have reported opposing perspectives.

I have sought to avoid issues around day to day operations and limit myself to structural, governance, legal and financial issues concentrating on the set up, monitoring and what lessons need to be learnt. However, to get to the point where lessons can be discerned and mistakes avoided next time, there needs to be an understanding of what went wrong. Examine the points that caused the demise of CL results in a long list of lessons to be learnt if and when a similar exercise is carried out.

All conversations I have had were, and will remain, confidential and I have made sure that no individual is named or identified. I also want to emphasise that no one factor, no one organisation and certainly no one individual is responsible for the failure of CL.

I have provided a summary of the principal points of my findings at the end of this report but it may be helpful to lay out at the outset that there were two major reasons for the failure of CL.

- The structure, funding and planning involved in setting up CL was too hurried and so flawed and incomplete. Within these arrangements are the roots of CL's commercial failure.
- However, the demise was not inevitable. With the right people, culture and management, CL could have steered its way through what would have been some choppy waters. But the way CL was run not only did not overcome the weaknesses from the outset, but contributed to its rapid decline and almost to the loss of an outstanding service.

## **1. Reasons and motivation for setting up Cambridge Live**

The motivation within CCC for setting up the trust seems to have been unclear with different people highlighting different (and conflicting) reasons. The ambiguity at the outset and the changing of priorities as the process continued caused confusion throughout the life of the trust and cultivated a lack of consistency in decision making.

The project was born as a way of exploiting VAT regulations but by the time it reached the stage of a paper to the Executive Councillor for Community Wellbeing in March 2014, the three reasons given were:

1. To reduce the subsidy required to fund the services
2. To provide a sustainable basis on which the services can thrive
3. To manage and mitigate the risk to the Council

A subsequent paper in October 2014 added a 'fourth strategic driver' which was to reduce the cost of the council's central infrastructure. Nowhere is there any talk about increasing creativity or innovation.

Those who were subsequently part of CL did not seem to sign up to CCC's reasons and often offered the view that the purpose of the exercise was to 'protect' the arts from the cuts that local authorities increasingly had to make in the face of the government's austerity programme. This does not seem to be mentioned by CCC in any documentation. It is clear that CCC were looking for an improvement in performance and had some ambition for an improved cultural offer but the drive to cut the costs in the agreement made this very hard to achieve.

The need to mitigate risk is understandable but alarm bells should have been ringing for CL if CCC considered there was a risk and that the best solution was to transfer that risk to an untried body and then steadily reduce the funding to it.

The result of these mixed messages and motivations, as well as the lack of a clear vision shared by all, was confusion and a lack of understanding and coherence at every level.

## **2. Establishment of the trust**

### **Preparation**

The transfer of local authority services to a trust is complex and involves legal agreements, service level agreements, TUPE, budgeting, planning and clear communication. It needs commitment and buy in from all those directly involved and the wide range of individuals and organisations who are stakeholders in the services offered.

Different people seem to have different views about whether the agreement and the launch of the trust were done in too much of a hurry and specialist advice was obtained by both sides. But what cannot be denied was that it was not ready. It appears that this was accelerated by the desire to begin operations at the outset of the financial year and that both CCC and CL were in favour of the rapid timetable.

However, inception to handover involved little more than 12 months. If details are done in too much of a hurry then weaknesses will emerge at a later stage. Examples of this are the work done on the budget; the lack of a shared long term vision uniting the council and the new trust; the missed opportunity to restructure and recruit staff with skills not present in the existing staff and the lack of co-operation with the wider arts sector locally and regionally. The result was an agreement finally signed on the eve of the launch, planning that was either missing or unsatisfactory and those attending work on the first day unsure if they had a job or not and, when they did have jobs, discovering there was little or no structure, job titles or job descriptions. The chaotic start to the life of CL was an unfortunate harbinger of what was to come.

More time should have been devoted to consultation, planning, finances, staff structure and recruitment and a shadow organisation and board established in good time so that teething problems and transitional issues were identified and addressed prior to the formal launch. Perhaps the fact that the inception and establishment of CL spanned two political regimes and was initially covered by 2 committees added some confusion and lack of clarity to the set up.

### **Remit and breadth of Cambridge Live**

Cambridge enjoys a plethora of arts provision and, despite a diversity of funders, providers and governing bodies, there is a good record of co-operation and joint working. Cambridge Live would have been stronger and more effective if it had worked with the existing providers and community groups and if it had used and learnt from the expertise of the rest of the arts sector. It had a chance to be an organisation rooted in the arts and wider community but it failed to do so. The result was that it lacked the skills to survive and adapt and the ability to call on others for help and guidance. Luton Cultural Services is a good example of a trust set up by the council that has weathered difficult times due to popular support, effective advocacy and community roots.

Although there are other good examples (Brighton being the one that was often used by those advising CCC), there is a question as to whether the range of services run by CL were synergistic and sensible. Running a major venue, a high profile annual festival and one off city events are very different and require different structures, staffing and thinking. Within a multi-functional and multi-faceted operation such as a council this can be achieved but, stripped from the support services and hidden subsidy, this business model is flawed. One wonders why different partnerships and alliances were not considered – with other venues and services. It was put to me that putting this diverse range of operations in one place was ‘tidy’. It may have been tidy from CCC’s point of view but it was not sound from the new organisation’s point of view.

### **3. Business Planning**

By their own admission, the key personnel on the side of the new trust were unsure of the validity of the work behind the paperwork and the merits of the financial agreement and felt pressurised to sign and agree to a tight timetable (see Section 2). The result was unfortunate for both sides with the appointments of the key staff posts being hurried (see Section 4) and the planning and financial agreement inadequately researched and was based on incorrect assumptions.

#### **Reduction in investment**

Local authorities began transferring cultural activity to trusts in the early 1980s. Many lessons have been learned, often the hard way. The first and most important lesson is one that CCC got wrong and is one of the key reasons for the demise of CL. It was principally driven, from the outset, by the drive to save money. This desire and the funding arrangement that was put in place hampered the ability of CL to establish itself on a sound footing.

The advice for any councils considering setting a cultural trust is not to do it if short term revenue savings is the motivation. Indeed, with set up and one off costs included, it is likely to cost extra money for the first few years. In the longer run (say more than 5 years) there may be some savings but this cannot be relied upon. To reduce funding from the outset makes a challenging project more risky.

Removing services from a publicly funded body to a brand new private sector organisation is complicated and fraught with challenges and dangers. A common pattern that one can see over the years is that a trust is established amid hope and optimism but, at an early stage, hits trouble resulting in restructure and management casualties. Radical change is then adopted and the trust is re-aligned by somebody with change management experience and, finally, some degree of stability is reached up to 10 years after being launched. At this point the trust may be strong enough to help reduce the investment from the local authority.

In the light of the experiences of other trusts it can be seen that the agreement, largely drafted by CCC, demanding c£60k reduction in their investment each year was not only hard to fulfil but was a key contributing factor in the demise of CL.

If we take the pattern above it may be that, 3 years in, Cambridge Live was simply experiencing the 'wobble' that could have been expected and in similar cases the local authority would help 'ride it out'. To be fair, CCC were prepared to help out in order to assist CL continue and become more established but CL failed to produce the comfort asked for in terms of a turnaround plan, including cash flow estimates, cost cutting and financial projections and were reluctant to accept help and advice from CCC at a time when they most needed it. Nevertheless the problems throughout CL's time and the scale of the 'wobble' were accentuated by the inadequacies of the set up.

Given these flaws, it is reasonable to ask why the board and management of CL signed up to the agreement. Clearly, due diligence work was deficient in some aspects but the tight timetable mentioned in Section 2 was a factor. As one senior CL person commented 'we had little choice, there was a lot of pressure on us and we had no time to reflect'. Another CL person said that they signed the agreement with 'fingers crossed'. However, I can find no evidence that CL expressed any formal concerns about the credibility and sense of the agreement or whether CCC shared these concerns.

### **Business Plan**

This review did not require a full examination of all the budgetary documents within CL as it focusses on learning for CCC. However, it is apparent that there was a lack of clarity in the processes and decision-making throughout the life of CL. As far as I can see, and this is confirmed by a number of individuals, there was never a proper Business Plan. There was a budget, the agreement and a number of documents outlining priorities and aspirations, but what was desperately needed was a comprehensive Business Plan from the outset setting out vision, mission, values and detailed plans allied to budgets over, at least, a three year period. This would have been the result of consultation, market research and negotiation. Over the three years, other planning documents were produced but none of them of the depth and detail that was needed. This lack of basic business discipline was a major contributor to the demise of CL.

### **Budget**

Of almost equal significance were the financial aspects of the agreement signed in April 2015.

At the outset it should be acknowledged that the budgeted income was achievable and was mostly exceeded during the life of CL and that considerable start-up funds were included in the initial funding in recognition of the difficulties of the transition between local authority and trust. With costs, it is notoriously difficult to assess the value of hidden and overhead support when transferring operations from a large public sector authority to a small trust but the almost unanimous view of CL board members I spoke to was that the financial agreement contained a serious lack of understanding of back of house costs. They maintain that this only became clear well into the contract and, dealing with these problems, proved

to be very expensive. To balance this, the common view from CCC was that, whatever the issues, CL made some unwise decisions and signed a number of unnecessarily expensive contracts.

The problem areas were:

- Support services, IT, professional fees, HR etc
- An underestimation of the cost of utilities and other building costs covered previously in the CCC budget under 'Cultural Facilities'
- The lack of any reserve or contingency

In addition, in 2018 as part of a call for extra CCC funding, CL identified the following gaps that, by implication, were absent from the original budget and should have been part of a Business Plan:

- Unexpected set up costs
- The cost of paying the living wage
- Investment in, and recruitment of, senior managers
- 'Governance and oversight needed money'

With the addition of the tapering of CCC investment outlined in Section 3, it is hard to avoid the conclusion that imprecision and lack of realism in the budget that formed part of the agreement meant that CL was always going to find it hard to survive, never mind prosper. This again emphasises the flaws in the process of drawing up the agreement (Section 2).

However the budget was not the only issue. Problems were compounded by the flawed financial management and reporting undertaken by CL. (See Section 5)

## **4. Structure and culture**

### **Creating a new culture**

For many of those involved, this was an attempt to free the operation from the strictures of local government and so feel free to innovate. This is often the case and there is another common pattern when trusts similar to CL are established. The pattern is that the new organisation makes every effort to be different, looking as little as possible like the council, changing its look, it's branding and begins with a new vision and a 'private sector' rush of adrenalin. There clearly was an attempt to engender this sort of culture but the feeling remains that not enough was done to create a new body with enough energy and impetus from the start. Fresh skills on the staff, experience of start up in a similar situation and time created by having a shadow organisation would have helped with this.

## **Staffing**

Managing services in a multimillion, multi-faceted publicly accountable authority and operating as an independent trust are very different. It needs different skills and experience. Not only the people but the skills, structure and the functions operating within CCC needed to be fully examined well before the launch of the trust. It is highly probable that the need would have been identified to attract new people and restructure the organisation with the sad, but inevitable, loss of some personnel from the existing staff.

Yet this was not done. With a few exceptions, the existing staff were transferred under TUPE to the new trust with the previous structure and responsibilities retained. Decisions on this were taken by CCC and CL but it was almost as if it was an attempt to replicate the existing service with only a change of governance and to do it with as little challenge and fuss as possible.

What should have happened was a wide ranging assessment of what staffing was needed in plenty of time for a restructure undertaken by a shadow organisation prior to the launch with a new structure created and posts identified where new skills and experience were needed. All strategically important posts should have been openly advertised. This particularly applies to the senior management where most existing senior post holders stepped into approximations of their old roles in a completely different organisation. Although they felt restricted by TUPE, both CCC and CL were complicit in not addressing this issue and the problems it created were at the heart of the management issues facing CL throughout out its life.

Without new blood being brought in it appears that a local authority culture remained and the initial use of CCC's central services underlined that many felt that it was no different than before, apart from the governance. The failure to restructure and recruit prior to launch meant that the need for this soon dawned on CL and this painful and expensive work had to be done in the early stages of CL's existence with the inevitable damage to operations, morale and finances. CL's failure to address some of these personnel issues hampered the development of the organisation.

Of course, many of the staff were highly qualified for their various jobs and, in time, more distance between CCC and CL was created and more dynamism was achieved. However, the opportunity was lost to take advantage of the energy and freshness in the first year and build the confidence and the culture that was badly needed.

## 5. Governance and management

### **Councillors on the board**

It seems clear that the councillors 'allocated' to the trust were not always matched for their experience and interests. It is instructive that there is praise for the performance of the two councillors who were most involved in the final year of the trust and did much to recognise the problems and transition the CL 'business' back to CCC. It surely no coincidence that these two councillors had extensive business experience.

The question must be asked whether the council appointees should necessarily be councillors? The problems of the different skill sets of councillors as well as changing political fortunes mean that it might make more sense to appoint individuals, who are not councillors, who can add to the external organisation's skill set. However, whatever the benefits of this there would be the loss of the accountability and understanding that is developed if councillors are the appointees.

There is praise from both sides for the input, enthusiasm and support that all the councillors brought to the board but the turnover of councillors on the trust was not helpful to good governance. It is often the case that it needs at least 12 months for a director or trustee to settle in and understand before s/he can begin to be effective. There were two 'places' on the board for councillors and, for the brief period of CL's operational existence, there were 7 councillors filling these two places. One option to deal with this is for appointees to sit on the trust for a longer period – perhaps 3 years – allowing them to gain the understanding that comes from continuity.

### **Role of the of board**

It is questionable whether, for much of the time, the board's monitoring and governing role over CL was adequately exercised. The reasons for this are not entirely clear. One might be the issue of councillor continuity discussed above and another is that a board of 11 seems to be too large for such an organisation (in fairness, the political requirements of the council requiring a nomination from each for the two major parties meant the board had to be 11 to avoid breaching Charity Commission rules).

In addition, it is not entirely clear if the board was made up of the appropriate skills and experience. What was often commented on is the relative lack of financial acumen amongst the majority of the board which may explain why no early alarms bells were rung when the figures were not adding up.

Finally, the board is often only as good as its senior management and there is no doubt that the monitoring and reporting submitted was substandard and the minutes reveal how rarely the financial performance of the organisation was discussed or the worrying escalation of costs were raised. A more involved board with greater financial management skills should have been asking questions at a much earlier stage. The result was the lethal combination of deteriorating finances and a board who were unaware of the fact. Even as the situation worsened, the board seemed more concerned with income generation, securing more funding from CCC and planning negotiations for the post 2020 contract than dealing with runaway costs.

### **Management of Cambridge Live**

Whatever the weaknesses in the way CL was set up, the issues around governance and the difficulties they would inevitably face were compounded by fundamental weaknesses in the management systems. Faced with the need to change the culture of the organisation, raise significant extra income and funding, control costs and build a cohesive team capable of running quality venues and events, the personnel, systems and leadership were not up to the job. This issue was compounded by the failure to recruit a high level financial director who should have been able to produce clearer information, raise the profile of the finances and keep better control of overrunning costs.

As outlined in Section 4, the way CL was structured and the staffing problems made this difficult and the chaos and confusion at an early stage did not help. The biggest issue was the poor management, finance and information systems and this problem persisted. At a time when senior staff and the board most needed regular, accurate data and management accounts, they were not available and, it seems, neither were the financial skills and knowledge to resolve the problem. Equally important it seems neither the senior staff nor the board were willing and able to prioritise and sort out this crucial gap in their knowledge. Most observers within and outside the organisation felt there was a pervasive lack of concern about losing money, both across the trust and in relation to individual projects. Risk management did cover all eventualities but commercial failure was not considered to be likely or possible. This may or may not have been underlined by widely held assumption that CCC would 'always be there' and would be willing and able to 'bale out' CL if necessary. There were rumours mentioned by more than one person that this had been confirmed to some CL board members and staff by senior people at CCC.

The weaknesses in the budget and the lack of a comprehensive Business Plan made the operation difficult but decision making from either the senior management or the board often showed a lack of judgement, insufficient thought and research and key programmes that could have bolstered the trust's activities were never seen through.

Examples are:

- Despite increasing income and raising of sponsorship, relatively small amounts were secured from trusts and foundations.
- There was no serious initiative to achieve NPO status with Arts Council England when this could have opened up other initiatives and provided limited overhead funding.
- Information Technology was overcomplicated and expensive – particularly in relation to finance. Expensive consultants often were used.
- The drive to recruit volunteers never really materialised.
- Education and community work was run but was a missed opportunity to connect with and learn from stakeholder and community groups

- CL's use of consultants and interim staff ballooned to unsupportable levels.
- There was a complete lack of rigour in controlling overspending – particularly staffing costs.
- The taking in of e-Luminate was a poor decision taken for the wrong reasons. It was not the cause of the demise of CL but the costs incurred in dealing with its collapse served to make the situation worse.
- The distressing incident at the Fireworks and Bonfire Night on 4<sup>th</sup> November 2015 had unfortunate consequences and costs – with the investigation and follow up consuming significant amounts of staff time.

## **6. Monitoring and working relations between Cambridge City Council and Cambridge Live**

### **Relations between the two organisations**

Both organisations seemed to fail to recognise the new landscape. CL fiercely defended its impudence but persisted in asking for more subsidy and failed to acknowledge the role of CCC as the principal funder. CCC, on the other hand did not always recognise the autonomy of the new trust. One of the key driving forces behind putting council services out to trust is to provide distance between it and the council with its own separate constitution, status and operations. It was never going to be the case that CCC could maintain the level of monitoring and scrutiny that it has with its own departments. It is not clear that everybody understood the new landscape at the outset.

Relations and monitoring were hindered by growing enmity between the two organisations. There seemed to be a CL organisation-wide culture of hostility towards CCC and a lack of willingness to co-operate. It is hard to be clear exactly why this culture built up but it meant that communication was poor and there was rarely any request for advice, help or support. CL board and staff failed to recognise and acknowledge that CCC were the main funder and regarded them as more of the problem than the solution often claiming concerns that the Charity Commission would be unhappy with the level of 'control' by CCC. There is little evidence that this was a valid concern.

### **Monitoring by councillors**

Monitoring by councillors is not helped by the fact that the Charity Commission regulations clearly state that any individual appointed as a trustee, regardless of who nominated them, must solely work in the interests of the charity. They are not there for the purposes of scrutiny or to speak on behalf of another organisation. The fact that the councillors were often referred to, verbally and in print, as council representatives, reveals a lack of

understanding about their function. This ambiguity can only have impeded any sense of monitoring, with other CL board members and members of staff unwilling and unable to be completely frank with the council nominated board members and, as relations between the two organisations deteriorated, reluctant to make all relevant information available.

Despite the propriety of regarding council nominated board members as part of a monitoring function, this clearly went on. However, it was less than effective as the relevant information and intelligence was not always made available or passed back to CCC. A key reason for this is highlighted in Section 5 above. The number of council nominated board members that served during the 3.5 years militated against consistency and the individuals concerned garnering and developing enough understanding about their role, the nature of trust and, most importantly, the key strategic and operational challenges facing CL.

In addition, as outlined above in Section 5, the attributes of the council nominated board members may not always been apposite. They were often political appointments based on availability and willingness rather than on an appropriate and useful set of skills that could contribute positively to the board's governance.

Nevertheless, given the many problems outlined above, I did not find any evidence of a failure of councillors to fulfil their roles properly. All seemed to support the CL board and staff and were behind the project. Despite their primary responsibility to CL, they were asked to monitor but, like everybody else, they were confused and frustrated by the information coming from the CL staff and were not in a position to provide detailed and useful intelligence. Towards the end of CL, a number of key councillors, now seeing the problem, played a very useful role in ensuring there was an orderly close down and a good transition back to CCC.

### **Relations with officers**

Throughout the existence of CL, relations with the CCC departments and officers were always going to be important - even after CL took out external contracts for professional services rather than use CCC services. These relationships were never as cordial and productive as they might have been and this hindered monitoring.

The 'buy in' from Council departments was poor. CCC councillors and senior officers should have made clear across the organisation that, though there had been a change in governance, there was to be full co-operation with the new organisation. However, those on the CL side report that, in the CCC departments other than Community Services, there was a lack of willingness to co-operate. A number of those I spoke to had distressing tales of a wilful lack of understanding and co-operation and difficult and aggressive meetings. This was, in part, the cause of the growing enmity between CCC and CL and it is regrettable that these incidents were not reported and addressed at an early stage.

### **Monitoring by officers**

It does not seem to be the case that the monitoring by CCC officers was in some way deficient. There were regular meetings between CCC and CL but the information was poor and the spirit of co-operation lacking. The day to day poor relationship between the two

organisations highlighted above was an impediment to a productive working relationship and, when the problems became clear, the CCC officers were professional and diligent in the actions they took. Meanwhile CL was unable or unwilling to provide the information and plans CCC correctly required for further investment - a comprehensive rescue plan and the appointment of a turnaround manager.

Ultimately, the nature of an independent governance structure means that close monitoring of CL was difficult and not always appropriate. The other problems within CL and between CL and CCC plus the structural, legal financial impediments compounded the difficulties. Within this context, I do not think there was a significant breakdown in monitoring. CCC's monitoring was reasonable given the operational and organisational barriers in their way and, once the scale of the problem became clear in early 2018, I feel their actions and energy were appropriate and thought through. The offer by CCC to support CL in the short term was fair and reasonable and only thwarted by CL's inability to produce information to provide security and comfort for CCC.

Although not part of the this report's brief I should say that, having got to the point they reached in late 2018, the decision to save CL from insolvency was the correct one – avoiding the public, political and financial fallout that would have resulted from CL's insolvency. In the wake of the move back to CCC, the efficient and smooth transition and maintenance of quality service to the public is a testament to the commitment and professionalism of all those involved.

## Executive Summary

These points are not taken verbatim from the report but represent a coalescence of the principal points. Important and further detail can be found in the longer sections.

1. The CCC rationale behind the establishment of CL was not completely clear from the outset.
2. Greater consultation within the city and the sector should have taken place, possibly resulting in a differently constituted trust, more cohesive and synergistic and less about taking responsibilities and risk from CCC.
3. A major reason for failure was the agreement setting up CL – in particular the recurring reduction in the CCC annual investment by over £60k each year beginning in Year 1.
4. The financial agreement between the two organisations was flawed, particularly underestimating the overhead costs required. A fully costed Business Plan was never produced.
5. These weaknesses were indicative of CL not being ready to launch. Further time should have been taken to put a shadow board and organisation in place and more attention given to the initial CL staffing and operations.
6. More effort was needed to create a dynamic culture for CL from the outset - including open recruitment for all senior staff.
7. CL's financial control and monitoring was poor from the outset and should have been addressed sooner.
8. Too many councillors were appointed to the board for one year only – longer appointments would have provided greater continuity.
9. The CL board was too large, had insufficient depth of financial acumen and paid insufficient attention to financial control and monitoring. These issues were never addressed.
10. An unnecessary and unhelpful hostility was allowed to build up between the two organisations. This could and should have been addressed earlier by both organisations at a senior level.
11. Councillors did not fail to monitor CL adequately. It is not their duty to do so and, like the rest of the board, they were largely unclear and uninformed about the underlying finances.

12. Officers were equally kept in the dark about the CL finances and did all they could, given that CL was an independent body. Once the scale of the problem became clear the CCC officers were swift to act and address the issues as best they could.
13. From the outset there was a lack understanding and clarity in recognising the tensions inherent in a relationship between an independent trust and its largest funder who were publically accountable and the previous operator of the service.

**Mark Taylor**  
**20th September 2019**

## **Appendix**

### **Individuals spoken to**

#### **Cambridge City Council officers and ex officers**

Antoinette Jackson	Chief Executive
Suzanne Hemingway	Strategic Director
Debbie Kaye	Head of Community Services
Jane Wilson	Arts and Events Manager
Liz Bisset	ex Strategic Director

#### **Current or ex Councillors (all served as Board members on Cambridge Live at some point)**

Sian Reid  
Anna Smith  
Valerie Holt  
Jeremy Benstead

#### **Cambridge Live Board and staff**

Sara Garnham	ex Chair
Steve Bagnall	ex CEO
Elaine Midgley	ex Business Development Director

#### **Others**

Nick Dodds	Consultant FEI
Hedley Swain	Area Director, South East, Arts Council England
Amy Vaughan	Senior Relationship Manager, Arts Council England