

Item

CAMBRIDGE LIVE: BUSINESS PLAN REVIEW



To:

Councillor Richard Johnson, Executive Councillor for Communities
Environment & Community Scrutiny Committee [28/06/2018]

Report by:

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Wards affected: All

NOT FOR PUBLICATION: Appendix A of this report: Relates to an item during which the public is likely to be excluded from the meeting by virtue of paragraph 3 & 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Key Decision

1. Executive Summary

1.1 This report outlines the work undertaken as scheduled with Cambridge Live, to review the organisation's business plan and to reassess the level of funding the Council provides.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Approve the approach outlined in paragraphs 3.6-3.10; and
- 2.2 Recommend to the Council that the Council's 2018/19 budget be revised to make an allocation of £500k from Reserves to be utilised for the purpose specified in 2.1 during 2018/9 and 2019/20 with full

delegation for management of the funds assigned to the Chief Executive.

- 2.3 Agree that any variations to the contract for services with Cambridge Live and any additional legal agreements that are necessary to support the approach outlined in the report, are delegated to the Chief Executive to agree on behalf of the Council in consultation with the Executive Councillor, Chair and Spokes.

3. Background

- 3.1. Cambridge Live (CL) is a charity contracted by the Council to deliver a range of services, including:
- The operation and management of the Cambridge Corn Exchange and the Large and Small Halls at the Guildhall, including a programme of arts and entertainment, alongside commercial use.
 - Operation and management of the Cambridge Folk Festival.
 - Operation and management of the City Events programme.
- 3.2 The decision to set up CL to deliver these services was taken at the Strategy and Resources Scrutiny Committee October 2014¹. The contract term is 25 years, with the initial fee structure agreed for five years from April 2015. The contract sits alongside the business transfer agreement, which transferred the activities from Cambridge City Council to CL and addressed the leases, licenses and assets necessary to operate the venues and events.
- 3.3 The new model was established so that it could take advantage of operating efficiencies, cost savings and income generating opportunities and well as provide a more innovative and flexible environment in which cultural activity in Cambridge could thrive for the benefit of local people.
- 3.4 CL has been operating for three years and in that time has made progress in establishing the charity, expanding its business, establishing networks and relationships and reviewing the Folk Festival among many other achievements. A link to the most recently published CL annual report and finance statement (2016/17) is shown as a footnote².

¹ https://democracy.cambridge.gov.uk/documents/s26576/Cultural%20Trust_Final.pdf

² <https://www.cambridgelivetrust.co.uk/sites/default/files/public/wysiwyg/CL%20Report%20%20Financial%20Statement%202017%20Approved.pdf>

- 3.5 However, launching a start-up is not without its risks particularly during the first few years of trading. As such, a joint review of the business plan was planned for 2017, midway through the first funding period. The first phase of this work has now revealed a need for the Council to consider revised short term funding arrangements to CL and for CL to strengthen the financial management and governance of the charity. As part of this process, in the short term, the charity will move to a smaller board of trustees to be able to fully focus on this work.
- 3.6 The Council wishes to protect the cultural offer and services transferred to CL. It is the view of officers that the charity model continues to offer significant benefits including cultural exemption from VAT, and opportunities for increased fundraising and sponsorship. Therefore the recommendation is that the Council should pursue the route of supporting CL to develop a sustainable business model.
- 3.7 The recommendation is that the Council should offer time-limited financial support of up to £500k; also assist CL to update their business plan to maximise the benefits of the charity model; and to support CL with organisational development.
- 3.8 The Council's investment will be used to source expertise and to support business transformation within CL, including any additional subsidy requirements over the next two years.
- 3.9 The business plan will be jointly monitored by the Council and CL and reviewed in summer 2019 to inform the next five year contractual funding period.
- 3.10 The Council will also agree to underwrite the balance sheet position in this period should this be required.

4. Implications

(a) Financial Implications

- i. The total cost of supporting the charity (estimated at £500k) covers the following:
- Business transformation and management of change
 - Retention of contract fee for 2019/20 at 2018/19 level
 - Additional health and safety costs for the city events

There may also be a need for an underwriting provision of circa £140k – which would be an assurance, not cash.

ii. In order to ensure best value and good use of Council resources, the Council wishes to continue with two trustees on the smaller board. The Council's trustee status and the provision of additional financial support are likely to require the consolidation of the charity into the Council's group financial statements.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

Not applicable

(d) Environmental Implications

Not applicable

(e) Procurement Implications

Legal and financial advice has been received on the recommended approach

(f) Community Safety Implications

Not applicable

5. Consultation and communication considerations

Not applicable

6. Background papers

Not applicable

7. Appendices

None

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Debbie Kaye, Head of Community Services, tel: 01223 - 458633, email: debbie.kaye@cambridge.gov.uk.