

**BODY:** Cabinet

**DATE:** 14 September 2016

**SUBJECT:** Devonshire Park

**REPORT OF:** Director of Tourism and Enterprise

**Ward(s):** Meads

**Purpose:** To seek Members' approval for the proposed future Governance Structure of Devonshire Park and changes to scheduling of the closure of the Winter Garden.

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**Recommendations:** Cabinet is recommended:

- (i) to approve the new Governance Structure of Devonshire Park operations which are to be introduced following the project being completed, and
- (ii) agree the revised closure period of the Winter Garden.

## **1.0 Introduction**

- 1.1 The Devonshire Park Project represents a £44m investment by the Council which will restore three historic buildings: the Grade II listed Devonshire Park Theatre; the Grade II listed Winter Garden and the Grade II Star listed Congress Theatre. The project also includes the demolition of the existing Congress Suite buildings and the Devonshire Park Pavilions, to be replaced by a new 'Welcome' Building which will provide a new Reception area for the whole site, new catering and meeting room facilities, improved access and 1000m2 of new conference / exhibition space. Other elements of the project include refurbishment of existing peripheral buildings, new player changing facilities and accommodation for tennis, improvements to the International Tennis Centre, a new show court, reconfiguration and irrigation of existing courts and major landscape improvements.
- 1.2 When it is fully operational, the investment will provide an opportunity to manage the Devonshire Park site as a single entity (excluding the Towner Art Gallery which will continue to be owned by the Council but run separately by the existing Towner Trust). At present, the

functions of theatres, catering and events (which includes Grounds Maintenance) are all managed as separate units within the Tourism and Enterprise Directorate.

## **2. Proposed New Governance Structure**

2.1 Throughout 2015, the Council worked with consultants, David Clarke Associates (DCA) to review the best future governance options for Devonshire Park. The priority was to identify a model that would best enable Devonshire Park to thrive and focus on the very considerable challenges of business turnaround on the site and to then determine whether there were other sites or services that could be added bringing benefits and without distraction for the management team of the future site facilities.

2.2 Four options for the future governance were identified:

- Option 1: Continued local authority direct management
- Option 2: Wholly owned but organisationally discrete local authority managed operations
- Option 3: Establishing a Trust and contracting with it to provide management of the site
- Option 4: Commercial operator options for contracting out the management of the site

All four models are fairly regularly used within the sector, and DCA had practical experience of all of them.

In an earlier 2013 report DCA suggested that the preferred solution for Devonshire Park might be either Option 2 or 3. They took the view that in Option 1 insufficient change might be made to transform the business and generate the returns required and that in Option 4, the Council's control of and ability to drive wider economic benefit from the site would be weakened.

2.3 Since that time, there have been various developments in the sector:

Local authority direct management of major cultural activities has seen a continuing decline, with more services put out to other forms of independent operation. This has been caused by a combination of authorities wishing to protect operations from continued budget pressure inside the authority, others recognising the cost inefficiency of direct provision (for instance in job evaluation costs) and, in some cases, simple desire to reduce both funding and obligation.

Nonetheless, there are still major venues operating successfully in direct provision. There are some wholly owned but organisationally discrete operations – more recently typified by operations established as companies with the Council as single shareholder or (in the case of

companies limited by guarantee single member) for instance in Birmingham and Blackpool. It is certainly possible to establish a commercially oriented operation in this model, and the option does offer clarity and ease of measurement of performance, as well as opportunity to operate in ways which may be more difficult within the Council direct (for instance in remuneration, contract terms, etc.) but risk basically remains with the Council.

Establishing a Trust and contracting with it to provide the management of the site- this was the model used with Towner. This is a very common model currently, but perhaps less so at the scale of Devonshire Park, where this 'arms' length' arrangement may be seen as a risk. Experience of operation of larger venues by Trust continues to be mixed – with some successful and some less successful examples where the business leadership and resilience required at this scale has been lacking.

Commercial operator options for contracting out the management of the site- in 2013 DCA suggested that this was not a solution for the overall site given the Council's very substantial investment and its imperative to provide both theatre and conference business that might be economically marginal to the business but important to the town.

- 2.4 Having considered all the four options further and in particular the 'organisationally discrete' and the Trust models (Option 2 and 3); it appears that the former is preferable in terms of reconciling the wider needs of the town and its visitor economy with the commercial success of the Devonshire Park site. Whilst the Trust model offers some advantages, especially in terms of it making it easier to obtain additional sources of future external funding, there are disadvantages and risks in terms of the extent to which the Council may be able to exert control and future direction of the operations. With such a large investment, this is felt to be too big a risk at present but it does not preclude this being looked at again at some time in the future.
- 2.5 The exact management structure has still to be determined but it is envisaged that Devonshire Park would be under the management of a senior officer with a single reporting line to the Director of Tourism and Enterprise (T and E). The way this differs from the present is that the two senior theatre management roles currently report directly to the Director of T and E whilst the catering and conferencing functions report to the Head of Tourism and Enterprise. Grounds maintenance (tennis facilities) currently reports to the Head of Events. It makes more sense for Devonshire Park Catering, Conferencing, Theatres and Grounds Maintenance to all be brought together as one unit and for the new senior officer role to steer the operation on a commercial footing.
- 2.6 Some preparation for this new structure, including revising senior management roles and functions can be implemented during the transition phase (starting from January 2017); however, the move to an Option 2 delivery model will be phased and would not be fully

implemented until after the Devonshire Park project is completed.

- 2.7 In the future structure it is proposed that the Marketing, PR and Events teams will report to the Head of T and E who will in turn report to the Director of T and E. Other catering functions run from outside Devonshire Park will for the time-being remain within T and E, with reporting lines to the Head of T and E.

### **3. Revised Closure Period for the Winter Garden**

- 3.1 The Cabinet report of the 9 December 2015 included a project plan which showed the Winter Garden as closed from January 2018 to April 2019.
- 3.2 During the negotiations with the selected contractor the project team has identified that bringing the closure of the Winter Garden forward to the 4 September 2017 will allow the contractor to work far more efficiently, particularly in respect of completing and testing the complex mechanical and electrical services which will link the Congress Theatre, Welcome Building and Winter Garden.
- 3.3 The Winter Garden would re-open in December 2018 rather than April 2019. A September closure will allow a number of major bookings which the Council wishes to retain in future years to take place.
- 3.4 This efficiency will generate a saving of some £75,000 (net of any payments made for cancelled bookings). In addition, because the construction programme is shorter, there will be a saving on the inflation cost for the £6m Winter Garden scheme.

### **4.0 Consultation**

- 4.1 The staff who would be affected by the proposed changes to the governance structure have been going through an early consultation process. The closure periods to any of the buildings on the Devonshire Park site will have an impact on future staffing arrangements and Management, together with HR have been working with Unison to try to minimise the potential impacts on jobs. This process is ongoing. The proposed new Governance arrangements will not make any additional impacts but the earlier closure of the Winter Garden may impact on some casual posts. Where possible, staff are being redeployed during the closure periods.

### **5.0 Resource Implications**

- 5.1 The proposed new governance and staffing structure should not impact negatively on resources. The earlier closure of the Winter Garden should save a net estimated value of £75,000.

### **6.0 Implications for Equalities and Fairness**

6.1 There are no specific Equalities or Fairness issues.

**7.0 Other Implications**

7.1 There are no Environmental or other implications arising from this report.

**8.0 Recommendations**

8.1 Cabinet is recommended:

(i) to approve the new Governance Structure of Devonshire Park operations which are to be introduced following the project being completed, and

(ii) agree the revised closure period of the Winter Garden.

**Philip Evans**  
**Director of Tourism and Enterprise**

**Background Papers:**

*None.*