

# Bath & North East Somerset Council

MEETING	<b>Cabinet</b>	
MEETING DATE:	<b>13 February 2020</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 3193</b>
TITLE:	<b>Heritage Services Business Plan 2020-2025</b>	
WARD:	All	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Annexe 1: Heritage Services Business Plan 2020-2025 and Financial overview		

## 1 THE ISSUE

- 1.1 The report introduces the Heritage Services business plan update ('the Plan') for the five-year period 2020/21 to 2024/25. It sets out the business unit's strategy for delivering savings targets and increasing its financial return to the Council on an ongoing and sustainable basis. The Plan includes strategies for addressing the Climate Emergency as well as for pricing, marketing and investment in conservation, staff development and the quality of the visitor experience to achieve the ambitious targets set out in it, and an analysis of the risk involved.

## 2 RECOMMENDATIONS

The Cabinet is asked to:

- 2.1 Approve the Heritage Services Business Plan 2020-2025;
- 2.2 Confirm that it wishes Heritage Services to continue to work to the business principles agreed by the Council Executive in 2004, as amended;
- 2.3 Confirm that it wishes to relocate the Fashion Museum with a supporting Collections Centre subject to a satisfactory business case being prepared.

## 3 THE REPORT

- 3.1 In September 2004 the then Council Executive decided that Heritage Services should be retained as an in-house service and should operate as a business unit with substantially improved operating arrangements focused upon:
  - sustaining and improving the annual profit generated for the Council;
  - improving the visitor experience; and
  - conserving the historic assets for the benefit of this and future generations.
- 3.2 Following this approach which was introduced in 2005, annual profit to the Council has grown by 307% in the years from 2005/06 to the 2020/21 proposed budget.
- 3.3 The approved operating arrangements included the introduction of rolling 5-year profit targets for the Service, to be set by Council and included in the Corporate Financial Plan, with financial performance presented in fully inclusive accounts outside normal local authority conventions. The Executive also approved the convening of an informal Advisory Board to validate the business case for the investment proposals.
- 3.4 This operating model ensures that a holistic approach is taken to decision-making and that all resources required to sustain and generate income flows are fully aligned. As a business unit working to business principles already approved by the Council, Heritage Services absorbs all costs, including those cost increases such as pay increases that are funded corporately for all other Council services.
- 3.5 The approved operating model has allowed the Service to deliver a long-term programme of development work at the Roman Baths & Pump Room site to conserve the ancient fabric, enhance the visitor experience and protect and develop income streams and the profit returned to the Council from them. All such investment is subject to a detailed annual business case including prudent provision for the costs of borrowing and VAT implications.
- 3.6 Annual profit is calculated net of all costs, including capital charges, all investment streams (including the maintenance and development of assets) and a full allocation of corporate overhead.
- 3.7 The Council's Budget Management Scheme provides flexibility for business units to address profit targets on a medium term basis, rather than within individual financial years. The Heritage Services profit reserve that is hypothecated within General Reserves can therefore be used to carry forward surpluses or deficits from year to year in order to achieve the increases in profit required across the five financial years covered by this Plan.
- 3.8 The Plan summarises how the Service has performed when benchmarked against other leading visitor attractions. Detailed commercially-sensitive information is provided in the exempt appendices which will be available to Cabinet Members upon request. The Plan assesses the risk associated with assumptions on visitor volumes, and sets out a business, pricing and marketing strategy to maximise income earned from the visitor market.
- 3.9 The Plan addresses the imperative of dealing with the climate emergency declared by the Council in March 2019. Measures already planned will be implemented in the first year (2020/21) and others have been identified and will be initiated as a matter of priority, also in the first year of the Plan. The Plan also details activity which will take place in the first year.

## 4 STATUTORY CONSIDERATIONS

- 4.1 **Equalities:** an Equalities Impact Assessment of the Heritage Service Business Plan was undertaken as part of the wider Service equalities impact action plan that looked at all business and non-business activities across the Service.
- 4.2 **Legislation:** all investment proposals for maintenance and conservation of historic fabric will be subject to consent via a Listed Building application or a Scheduled Ancient Monument application.
- 4.3 **Safeguarding:** all necessary measures to protect children and vulnerable adults are in place and are routinely reviewed. Staff training on safeguarding issues is provided to all new staff likely to have contact with children and vulnerable adults and refresher training is arranged as necessary. Safeguarding is a standing item at the Service's monthly management team meeting.

## 5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 **Finance:** The Plan proposes a budget for 2020/21 that consists of £26M of income, £16.3M of expenditure, resulting in a profit of £9.7M returned to the Council. This is an increase of £1M (13%) on the 2019/20 budget and delivers the increased savings targets proposed in November 2019.
- 5.2 **Investment:** The Plan proposes £1.8m of revenue investment in 2020/21. This represents a £290k increase on the budgeted figure for 2019/20 and is in line with the projected figure built into the Business Plan 2019-2024 adopted by Council in February 2019. The increase in investment is due to anticipated dilapidations work on the Assembly Rooms ahead of the Council's exit from these premises. The scope and timescale for this work is the subject of ongoing negotiation with the National Trust.
- 5.3 From within existing resources the Service will invest in a new sustainable Community Engagement Strategy which will retain the existing activity programme but set a new focus on engaging non-traditional and hard-to-reach audiences across Bath and North East Somerset with the Council's unique heritage assets.
- 5.4 **Property:** 2020/21 will see the completion of the £5m HLF-supported Archway Project in York Street and Swallow Street. The Service will also bring forward proposals to relocate the Fashion Museum to a better location and to create a Collections Centre to house the Museum's 'Designated' collection to retain public access to it for study and learning and enable important objects in it to be prepared for loan to prestigious exhibitions elsewhere (in 2019 over one million people saw Fashion Museum objects at exhibitions in London, New York, Vienna, Bruges and Bendigo, Australia). Even if a new museum is not ready at the termination of the Assembly Rooms' lease in March 2023, appropriate accommodation into which to move the Fashion Museum collections will be essential.
- 5.5 **People:** Within the Service each team's structure, both front-of-house and back-of-house, has been reviewed to ensure the most efficient and resilient staff arrangements are in the plan for 2012/21. The 2018/19 peer-group benchmarking exercise completed through the Association of Leading Visitor Attractions (ALVA) showed the Roman Baths and Pump Room delivering profit of £145k per employee, the most profitable in the UK. The Service will continue to invest in its

staff to ensure optimum performance in respect of customer satisfaction and financial efficiency and return. Within the Business Plan there is an investment of £60k, in operational staff which delivers a corresponding reduction in maintenance expenditure with contractors, as well as increasing control of service levels and response times for the 363 days per year operation.

5.6 The impact of Brexit on the Service's ability to recruit and retain foreign language speakers to maintain a high standard of visitor welcome will be closely monitored.

## **6 SERVICE PLAN 2020-21**

6.1 The Heritage Services elements of the Economy & Growth Service Plan 2020-21 address the Council's key objectives. In headline form, these are:

### **6.2 Address the climate and nature emergency:**

- implement the King's Spring energy capture scheme;
- explore the feasibility of offering incentives to visitors arriving by sustainable travel;
- retain the retail warehouse in a non-city-centre location;
- investigate acquiring an electric van;
- identify additional recycling schemes;
- introduce green champions across the Service.

### **6.3 Give people a bigger say:**

- review our customer feedback mechanisms;
- ensure that the Service's Focus Group is consulted on all new initiatives.

### **6.4 Deliver for local residents:**

- continue to reduce dependence on coach-borne business to reduce congestion;
- complete the World Heritage Centre and Roman Baths Clore Learning Centre, together the 'Archway Project';
- achieve World Heritage status for Bath as part of the Great Spas of Europe;
- make the business case for relocating the Fashion Museum and creating a Collections Centre for its collection, with the option to include Bath Record Office;
- review the residents' Discovery Card scheme;
- develop a new Community Engagement Strategy.

### **6.5 Focus on prevention:**

- plan community activities to promote individuals' well-being through engagement with museum and archive collections;
- train and support mental health first-aiders across the Service.

## **7 RISK MANAGEMENT**

7.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

7.2 The Plan is underpinned by extensive and integrated modelling of all key visitor, income and cost assumptions and is sensitive to normal tolerance on the business model and its assumptions. However there is a risk that the profit targets for 2020-2025 will not be achieved, both due to the sensitivity of planning assumptions and to national and international economic factors. The Robustness of Estimates

statement for the Economy & Growth directorate will include provision for this risk in the financial year 2012/21.

- 7.3 Significant economic, environmental or geo-political events during 2020/21 could cause a drop in visitor numbers with an adverse impact on income and therefore profit returned to the Council. One of the more significant risks is the uncertainty following Brexit, which has the potential to significantly impact international visitors to the UK. To some extent this risk is mitigated by the value of Sterling which both makes the UK an attractive proposition to visit for international visitors and an expensive place to travel from for domestic visitors, however despite the low value of Sterling there was a significant drop in visitors from France and Germany during 2019. These trends will be closely monitored.

## **8 CLIMATE CHANGE**

- 8.1 The Service is taking a number of measures to address the climate and nature emergency. Existing plans already in place include:
- 8.2 Energy capture: replacing defunct energy capture equipment at the Roman Baths installed in 1993 with new state-of-the-art kit, to reduce running costs at the Pump Room / Roman Baths complex and supply energy to the new World Heritage Centre and Clore Learning Centre.
- 8.3 Coach travel: continue the policy adopted by Cabinet in the 2017-2022 business plan to reduce the Roman Baths' dependence on group business from 32% to 25% over a five year period. The Service's major group travel trade customers already low-emission Euro 6 compliant coaches.
- 8.4 New measures will include:
- 8.5 Print to digital: this process has already started with considerable new marketing emphasis switching away from conventional channels to social media. Some printed marketing material is inevitable in the short to medium term for the Service's attractions to remain competitive and, where it is used, the Service ensures that only materials from sustainable sources are used. The Service will investigate how the transition from print to digital can be accelerated on a sustainable basis.
- 8.6 Retail deliveries: the Service will explore retaining its temporary retail warehouse in its non-city-centre location to eliminate multiple merchandise supplier delivery journeys into central Bath.
- 8.7 Electric van: in tandem with the item above, the Service will investigate acquiring an electric van to make consolidated retail merchandise deliveries from the warehouse to the Service's museums.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 The process of revising and updating the Business Plan has involved consideration of a number of different pricing, marketing and investment options. The financial and business effects of these options were modelled and evaluated. The business strategy in the Plan attached recommends a coherent and integrated series of decisions that are most likely to enable the Service to meet

the targets required of it by the Financial Plan and sustain this level of performance in future years.

9.2 Another option would be for Heritage Services to cease functioning along the business lines of the past thirteen years and return to being a conventional local authority museums and archives service. The absence of investment would lead to a loss of focus and competitiveness and result in falling revenues to the Council. This course of action is not recommended.

## 10 CONSULTATION

10.1 Cabinet members through the Heritage Services Advisory Board; Director of Economy & Growth; Heritage Services' staff; service users; local residents; S151 Officer and Finance staff; Monitoring Officer.

10.2 Ongoing sectoral liaison and benchmarking through ALVA has ensured the best possible market intelligence;

10.3 Visitor feedback is gathered and analysed during the year to inform the decision-making process.

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<b>Background papers</b>	Report of the Council Executive, Thursday 14 October 2004 E3123 February 2019 Report to Cabinet, Heritage Services revised <u>Business Plan 2019-2024</u>
<b>Please contact the report author if you need to access this report in an alternative format</b>	