

**POLICY FINANCE & ADMINISTRATION COMMITTEE**

**16 APRIL 2014**

**REPORT OF HEAD OF CENTRAL SERVICES**

**PARKSIDE CIVIC SUITE – OPTIONS APPRAISAL**

**1.0 THE PURPOSE OF THE REPORT**

- 1.1 To report back to members on the findings from the option appraisals on usage and the service operation of the civic suite. To agree a budget for promoting the Civic Suite locally under existing arrangements with the aim of increasing paid usage of the Civic Suite as a venue for public sector and local business conferences.

**2.0 RECOMMENDATIONS**

- 2.1 **That members note the outcome of the review of options and approve the promotional advertising of the Civic Suite as a public sector and local business venue, as set out in paragraph 7.2 below, at a cost of £3,000.**

**3.0 BACKGROUND**

- 3.1 At the meeting of this Committee on 23<sup>rd</sup> January 2013 Members instructed officers to investigate options for improving usage and future service delivery of the Civic Suite, specifically officers were to investigate the following three options:

Option 1 - Events/Business student (2<sup>nd</sup> to 3<sup>rd</sup> year) on an apprenticeship scheme.

Option 2 - Paid post possibly a Student Force Graduate.

Option 3 - Bursary/Grant to run a Business with a profit sharing arrangement.

Each of the above options has been investigated and the conclusion reached is that none of the three options are viable and for the present time it is sensible to build upon the existing business with limited marketing investment. Details on the investigations are set out below in Sections 4.0. and 5.0.

- 3.2 In the last year there has been positive feedback from customers using the civic suite for business meetings, on the facilities, the support, arrangements and set up for conferences (e.g. the recent Leicestershire & Rutland Association of Local Councils). The new simplified fees and charges introduced since January 2013 are operating well; a new civic suite bookings e mail address has been set up for Bookings and improvements to the audio system have been made.
- 3.3 The income for the 12 months period since the changes were brought in 2013/14 have increased by 17.5% and is £4,608 pa inc. vat, compared with the previous year £3,920pa inc. vat. There were a total of 1,020 bookings of the civic suite during the 2013/14 period, 24 paid bookings and 996 internal Council bookings. The main user of the Civic Suite is Melton Borough Council and the main paid customer for paid Civic Suite bookings is East Midlands Council.
- 3.3 Community requirements for free space are being met primarily in the Ferneley Room and in exceptional cases in the Civic Suite. Improvements have been made to the service with the re-organisation of kitchen cupboards and a new commercial dishwasher installed.

#### 4.0 **MARKET INVESTIGATIONS**

4.1 Feedback from external wedding organisers suggests that the Civic Suite offers pleasant accommodation in a central easily accessible location with good parking provision and a business feel inside the rooms. The service is functional with regular basic refreshments, and a good level of electronic provision. The reception area is not ideal during working hours. All catering needs are to be brought onto site and there is a licence for alcoholic refreshments. The venue is better suited and supplied for business use rather than weddings and party functions.

4.2 The main direct competition for the Civic Suite includes;

Pera – Professional service and full-time dedicated reception

Tavern/Exhibition Hall – Part of the Cattle Market, not a professional space.

Samworth Centre – Standard environment.

The Children's Centres – Mainly for community focussed small meeting use

Waterfield Leisure Centre – Mainly for children's parties.

Stapleford Park – Much higher quality of venue for both business and parties/weddings.

Others include;

Scalford Hall, Hamilton Tennis Centre, Quorn Lodge, Sysonby Knoll, British Legion, Conservative Club, Scalford Hall Hotel, Brooksby College.

#### 5.0 **MARKET COMMENT**

5.1 The conference/meeting/party/events market has been depressed over the last few years and the Civic Suite has done reasonably well in maintaining its existing customers.

5.2 There is a limited opportunity for increasing business at the Civic Suite due to the heavy use of the Civic Suite by Melton Borough Council and the limited local demand for business/conference service.

5.3 The services available at Parkside do not compete with hotels, particularly for weddings as rooms are not charged for in the wedding market and their profits are made from other parts of the business. Parkside offers most potential as a business training and conference centre for the public sector requirements which form the basis of the current paid bookings.

#### 6.0 **ANALYSIS OF OPTIONS**

6.1 Option 1 - Events/Business student (2<sup>nd</sup> to 3<sup>rd</sup> year) on an apprenticeship scheme

The option of appointing an apprentice or graduate to run the combination of Civic Suite (paid and unpaid bookings) and also potential lettings at Phoenix House was initially explored. Opportunities to let space at Phoenix House have now been overtaken by the Me and My Learning project and therefore the business case now applies to Parkside Civic Suite only.

The apprentice would be responsible for, set up of rooms, meet and greet, providing refreshments and other customer requirements, promotion and marketing to reach new customers from different business sectors. This would complement officer time at customer services, central services (booking and setup).

An apprenticeship would cost £5,460pa and require supervision and direction from in-house staff. A full Marketing budget would also be required for advertising, contacts list and a new web site and issue of new brochures; estimated in the region of £6,000 to £9,000.

The poor local market conditions for conference bookings coupled with budgetary constraints make this option a high risk at the present time. Doubling the paid bookings in the first year, at the existing fees and charges, would produce a total income of £9,000pa this would cover marketing costs but not the direct staff and associated costs.

## 6.2 Option 2 - A Student Force Graduate post.

The student Force Graduate scheme is run by a Charity Organisation providing specialist graduate recruitment services and after investigation the same issues apply to the business case for Student Force as those mentioned above in the apprenticeship scheme only the cost would be greater at £18,000 per annum.

## 6.3 Option 3 – Grant an agreement to a private business with a profit sharing arrangement

This option has been investigated with a particular individual with local knowledge of event management and lettings. Discussions were based upon the potential grant of a licence to a business for managing and letting the Civic Suite conditional upon a minimum service provision, fixed occupation rates for MBC officer (unpaid bookings) and Civic Uses. The main features of the agreement would be as follows:

- All bookings would go via the licensee and a percentage of profits/turnover be paid to the Council as a licence fee.
- Free up officer time at customer services, central services (booking and setup)
- Certain costs would be apportioned to the business – NNDR, insurance, caretaking, and cleaning.
- The costs of marketing would be to MBC (£6,000 to £9,000).

The business operator would be empowered to create profits by; increasing fees and charges, improving the range of services offered and increased occupancy.

The fees suggested by the operator would increase the current fee for the Ferneley Room for 24 people from £160 plus vat to £840 plus vat (£35 per head). This fee level has not been market tested for the current paid customers or for new business. For information our existing fees and charges are attached at Appendix A.

The cost of Marketing to attempt to enter new markets would be in the region of £6,000 to £9,000.

The individual involved decided that their business model for Parkside was too risky and they withdrew from negotiations.

## 7.0 SUMMARY OF FINDINGS

7.1 The business case for a dedicated resource to promote civic suite lettings is considered unfeasible in the existing market conditions. The potential business operators who have looked at the opportunity have opted out. East Midlands Councils, one of the key users of the Civic Suite are moving to PERA and therefore may not continue to hire the civic suite. The Civic Suite is well used as a vital operational part of Parkside, it is capable of taking more paid bookings but not to the detriment to the use of the building for internal use.

7.2 In these circumstances it is recommended that officers actively promote paid bookings for the Civic Suite towards its existing customer type, public sector base and local business's, with low cost marketing.

This would include the following:

- Quarterly advert in Melton Times
- Civic suite promoted in the bi –annual “Business Matters” newsletter.
- New pamphlets with the prices included are printed and distributed appropriately

- Improve the Melton Borough Council Website to show the Civic Suite as a Business to attract more customers

Also consider the following actions;

- Conference Fair in Summer 2014 – Promoted to large local businesses, including training companies
- Town Centre managers send out flyers quarterly via e mail to business contacts promoting the civic suite.

A marketing budget of £3,000 will be required for all of the above.

## 8.0 POLICY & CORPORATE IMPLICATIONS

8.1 The Community use of these rooms is unlikely to be affected by the proposal in this report.

## 9.0 FINANCIAL & OTHER RESOURCE IMPLICATIONS

9.1 It should be noted that it is proposed that the Ferneley Room (20 chairs) is to continue to be available for free for community organisations between 9am and 18:00 Monday to Friday and in the evenings if there is a Council/Civic meeting in the Civic Rooms.

9.2 A marketing budget for the Civic Suite of £3,000 is required to be funded from existing budgets.

## 10.0 LEGAL IMPLICATIONS/POWERS

10.1 The Local Government Act 2003 gave local authorities the general power to charge for discretionary services which are not covered by any other legislation with the following restrictions:

- the income from charges for a service should not exceed the cost of providing that service (over a “reasonable” but unspecified period, e.g. 3 years);
  - the recipient of the service must have agreed to its provision and to pay for it;
  - authorities may provide discretionary services for free if they so decide;
- different people may be charged different amounts

## 11.0 COMMUNITY SAFETY

11.1 There are no matters that directly relate to community safety issues in this report.

## 12.0 EQUALITIES

12.1 There are no specific equalities issues arising from the use of the building as a lettable space.

## 13.0 RISKS

13.1 That the £3,000 marketing budget fails to increase the paid bookings.

13.2 That the use by MBC of the Civic Suite continues to increase, squeezing the availability for further paid bookings.

## 14.0 CLIMATE CHANGE

14.1 Any decisions related to this report will have a minimal impact on climate change.

15.0 **CONSULTATION**

15.1 The Management Team have been consulted on the matters.

16.0 **WARDS AFFECTED**

16.1 All wards are affected.

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Contact Officer: Jane Galilee

Date: 21st March 2014

Appendices: Appendix A – Current Fees and Charges

Background Papers: None

Reference: X: PFA 23<sup>rd</sup> January 2013