

## **Cheltenham Borough Council**

**Cabinet – 3 July 2007**

### **Pittville Pump Room Future Management Arrangements**

#### **Report of the Assistant Director Entertainment and Tourism**

#### **1. Executive Summary and recommendation**

##### **1.1 The issue**

**1.1.1** Arising out of the recommendations contained in the Cultural Review, the Council has undertaken a marketing exercise to identify possible private sector partners who might be interested in taking over the management and operations of the Pump Room and investing in its future. This report details the process followed, the outcome of this exercise and makes recommendations about the future management of the Pump Room.

##### **1.2 I therefore recommend that:**

**1.2.1 Cabinet confirms that the Pittville Pump Room will remain under the management and operation of the Council's Entertainment and Tourism Division for the foreseeable future.**

**1.2.2 Cabinet notes the likely financial impact of the loss of revenue at the Pump Room in 2007/08 and the steps being taken to contain the operating deficit.**

**1.2.3 The Assistant Director, Entertainment and Tourism, be asked to make every effort to restore levels of business at the Pump Room, increase commercial revenue and review operating costs.**

**1.2.4 That the Assistant Director, Entertainment and Tourism be authorised to proceed to seek and accept tenders for the renewal of the Council Catering Contract for both the Town Hall and Pittville Pump Room with effect from August 2008.**

##### **1.3 Summary of implications**

### 1.3.1 Financial

The Council will not achieve any budget savings that may have accrued if a suitable private sector business partner had been identified, but will seek to reduce operational subsidies by restoring business levels, increasing income and reducing costs.

The cultural review suggested that external management of the Pump Room would generate savings in net revenue costs which could be used to pay for some of the cost of financing the development works at the Town Hall. In addition, it was anticipated that an external operator would invest in the Pump Room. Given the outcome, this may impact on the investment aspirations for these buildings unless alternative sources of funding can be identified. The Council does not currently have funds available to finance this investment from within its own resources.

See also Section Four, 'Current Year Business'.

**Contact officer: Mark Sheldon**  
**E-mail: [mark.sheldon@cheltenham.gov.uk](mailto:mark.sheldon@cheltenham.gov.uk)**  
**Tel no: 01242 264123**

### 1.3.2 Legal

The catering contract proposed in Section 4.1 will be awarded following a tendering process that will have to comply with the Council's Contract Rules. The impact on the existing catering contract for the Town Hall will be carefully considered and a break clause will be included, as proposed in Section 4.2

**Contact officer: Nicolas Wheatley**  
**E-mail: [nicolas.wheatley@cheltenham.gov.uk](mailto:nicolas.wheatley@cheltenham.gov.uk)**  
**Tel no: 01242 775207**

## 1.4 Implications on corporate and community plan priorities

**1.4.1** This report addresses one of the key actions in the Council's business plan for 2007 / 2008.

**1.4.2** Plan Priority 2, Economic Development and Regeneration, states in Section 2C:

'In 2007-08 we will start to deliver an investment programme that will deliver our ambition to create a sustainable future for our cultural activities and venues through implementing development proposals for the Art Gallery and Museum (AG&M) and completing the separation of Cheltenham Festivals from the Council and agreeing future plans for the Town Hall and Pittville Pump Room.'

## 1.5 Statement on Risk

**1.5.1** This report proposes no new risks to the Council.

---

## **2. Introduction**

- 2.1** At the end of 2006, Donaldsons were retained by the Council to undertake a national marketing exercise for the Pittville Pump Room. The objective was to seek expressions of interest from private sector organisations in taking over the management and operation of the Pump Room from the Council and to identify proposed future uses. Specific pre-conditions relating to the protection of public access, its use in the Music Festival and its maintenance as a cultural facility were imposed by the Council through the marketing exercise which also stipulated that the Council was only prepared to consider disposal by way of lease and not of the freehold interest.
- 2.2** Despite these restrictions, the campaign generated a large number of expressions of interest and requests for information. This in turn, generated a smaller number of outline proposals for consideration.
- 2.3** By April 2007, five organisations remained interested and all were invited to face-to-face interviews with a small officer and member working group to consider the various proposals received. One organisation rejected the invitation, and of the four who were interviewed, two were rejected on the grounds that they failed to meet the Council's pre-conditions, one because of the proposed use, and the other because of restricted public access and a specific requirement for a minimum 99-year lease.
- 2.4** At this stage, therefore, just two companies were identified, who expressed an interest in operating the Pump Room in its existing style as a cultural event, meetings, conferences, exhibitions and weddings venue. Both proposals appeared to meet the Council's twin objectives of maintaining the use of the Pump Room for festivals and other cultural events, and ensuring public access.
- 2.5** Subsequently, these two organisations were invited to return for more detailed discussion with members of the working group. Both organisations were then invited to submit a written business proposal.
- 2.6** At this point, one of the companies concerned withdrew its interest.
- 2.7** The remaining organisation, has confirmed its interest in the Pump Room, but despite several follow-up contacts, no written proposal has been received to date. We can only conclude therefore that this interest will not proceed any further.
- 2.8** In the absence of any definite proposals from interested parties, we do not, therefore, have any recommendations to put before Cabinet which might involve a change of Pump Room operator.
- 2.9** My recommendation therefore, as detailed at 1.2.1, is that the operation and management of the Pittville Pump Room remains under the Council's Entertainment and Tourism Division.

## **3. Future Business Development**

- 3.1** If the operation of the Pump Room is to remain under Council control, we will need to take immediate action to restore levels of commercial business. These have been

affected by the prevailing uncertainty over the building's future.

- 3.2 Responsibility for the programming of the Pump Room has already been transferred to the Town Hall team and all sales and bookings for both venues are now handled centrally. This will bring the advantage that future business can be cross-referred between the two venues and that customers can obtain information on price and availability from a single point of contact.
- 3.3 This arrangement will also allow the Pump Room staff to concentrate on operational matters.
- 3.4 We propose to undertake a full review of existing Pump room business, review all hire charges to ascertain market rates and identify additional business opportunities. We will also review the management structure at the Pump Room.
- 3.5 Cabinet is asked to endorse these arrangements by approving recommendations 1.2.2 – 1.2.3.

#### **4. Catering Contract**

- 4.1 If the Cabinet accepts recommendation 1.2.1, I propose to go out to tender for a new catering contract for the period commencing August 2008. This will be for the catering contract for both the Pittville Pump Room and the Town Hall, as per the current arrangements. Cabinet is therefore asked to approve recommendation 1.2.4.
- 4.2 The development proposals for the Town Hall may proceed during the period of the new contract. We will therefore, require a break clause in the contract to protect the council in the event that this affects the Town Hall's operations and future catering business.

#### **5. Current Year Business**

- 5.1 Cabinet should note that current business at the Pump room is below 2007 / 2008 levels, both for hires and catering turnover. This is primarily due to a loss of high value wedding bookings caused by uncertainty over the future availability of the Pump Room as a result of any possible change in operator and business style. Weddings normally book 12 months in advance, and this business can not be replaced in the short term.
- 5.2 This will adversely affect the projected financial out turn for the current financial year and could increase the projected operating deficit by approximately £70,000. Every effort will be made to contain this deficit, including, if possible, by offsetting it against any additional income earned through Town Hall activities.
- 5.3 We will make every effort to restore previous levels of wedding business for future years and attract additional conference and banqueting business during the current year.

#### **6. Consultation**

- 6.1 These actions and this report arise from the Council's Cultural review which was the subject of extensive consultation in Cheltenham and beyond.

---

<b>Background Papers</b>	Towards a Sustainable Infrastructure for Culture in Cheltenham - An Options Appraisal (October 2005)  Culture in Cheltenham - Planning for a Sustainable Future – February 2006
<b>Report Author</b>	Ken Jennings, Assistant Director Entertainment and Tourism, 01242 264103, ken.jennings@cheltenham.gov.uk
<b>Accountability</b>	Councillor Diggory Seacome, Cabinet Member, Arts and Culture
<b>Scrutiny Function</b>	Social and Community O&S