

REPORT TO:	Employment, Business and Investment Scrutiny
REPORT NO:	COHE/24/19s
DATE:	14 June 2019
LEAD MEMBER:	Councillor Hugh Jones - Lead Member for People – Communities, Partnerships Public Protection and Community Safety
CONTACT OFFICER:	Rebecca Lowry (Tel: 315403)
SUBJECT:	Tŷ Pawb Performance 2018/19 and Business Plan 2019/20
WARD:	All

1. PURPOSE OF THE REPORT

For Members to review and comment on the first 12-month finance and performance report for Tŷ Pawb and draft Business Plan 2019/20.

2. EXECUTIVE SUMMARY

- 2.1 The financial out-turn at the end of year one detailed in Appendix 1 is reported to be an improved position of that presented in the Fourth Street Business Plan.
- 2.2 A performance report with full year performance figures and narrative for November 2018 to April 2019 is attached at Appendix 2, a full narrative for performance April 2018-October 2018 was presented to this Committee in December 2018.
- 2.3 The report attached details the activities, events and footfall for Tŷ Pawb's activities during its first year (2 April 2018 – 31 March 2019). Information requested by Member's at the December meeting of this committee as detailed in paragraph 2.3 above is also included. Footfall figures total 106,672 from April 2018-March 2019 compared to the initial projection of 50,000 in the Fourth Street Business Plan. With the addition of footfall figures in April the total number of recorded visitors until the end of April 2019 (additional 39,238) stands at 137,000.
- 2.4 A full Business Plan with detailed narrative regarding 2018/19 performance, challenges and aspirations for 2019/20 and five-year income and expenditure projections is included at Appendix 3 of this report. All targets are considered challenging but realistic (based on performance in 2018/19). A contingency of £7,187 for 2019/20 has been included which sets the predicted net surplus/shortfall

against the Cash Limited Budget to zero. The Business Plan provides a detailed narrative explaining the challenges and opportunities in achieving the income targets associated with each of Tŷ Pawb's functions.

- 2.5 Members are asked to consider recommending to Executive Board that if there is any underspend against the cash limited budget, that an earmarked reserve is established in order to retain the funds to be reinvested back into Tŷ Pawb and the Arts Service.

3 RECOMMENDATIONS

- 3.1 That Members formulate their conclusions and recommendations based on the information in the report and the discussion at the meeting.**

REASONS FOR RECOMMENDATIONS

- (i) To allow Members to comment on the financial and operational performance and future priorities and financial projections for Tŷ Pawb.

4. BACKGROUND INFORMATION

- 4.1 In January 2016, (HAED/01/16) Members of Executive Board agreed to proceed with the development of Tŷ Pawb through the submission of the application to Arts Council Wales and supported the assumptions and projections in the Business Plan prepared by Fourth Street consultants. The Business Plan presented was based the assumption that an external organisation (e.g. a Trust model) would manage the building and services going forward.
- 4.2 In December 2017 (HHE/32/17) following further consideration of the options and routes to an external management model Executive Board agreed 'that the Council continues to manage the People's Market and Arts Service from 1 April 2018, with annual reviews of performance and consideration of alternative, devolved delivery models after three years of operation'.
- 4.3 In December 2018 (HHE/45/18s) a mid-year performance report was presented to this Committee members agreed:
- (i) That the Committee acknowledge the significant development and the success of Tŷ Pawb and convey their thanks to everyone involved; and
 - (ii) That the annual performance monitoring report for the first 12 months of operation of Tŷ Pawb be scheduled in 2019. Report to include the following:-
 - more detailed breakdown of income and expenditure;
 - an Action Plan of the Tŷ Pawb Advisory Board; and
 - feedback from volunteers, traders and visitors to Tŷ Pawb.
- 4.4 In January 2015, Members considered and agreed to support the exciting concept of an arts/cultural hub based at the People's Market and car park building.(HAED/01/15). During 2015, detailed designs were developed and in January 2016, (HAED/01/16) Members approved the proposed designs for the redevelopment of the ground floor and first floor People's Market, including development of new arts, cultural and market space; and the submission of a funding application to Arts Council of Wales' Capital fund.

- 4.5 In conjunction with the development of the detailed designs, Fourth Street Consultants were commissioned to develop a detailed Business Plan for the day-to-day operation, management and governance of an arts and cultural hub at the Peoples market building. The detailed Business Plan presented demonstrated how the operation of the building can be sustained and also explored governance models.
- 4.6 The Council's cash limited budget at that time was £134,823 and in accordance with the initial cash flow projections there was a projected revenue funding shortfall of £53,322 in year 1. Executive Board agreed to fund this from the Councils Transformation Programme (HAED/01/16).

In December 2018, the year 1 (2018/19) forecasted financial projections were reported to EBISC (HHE/45/18s). The expected funding shortfall at that time was £33,492 – an estimated net expenditure of £173,092 against a cash limited budget of £139,600. The actual net expenditure for the year was £187,323 resulting in a shortfall of £47,723. Table 1 below shows actual income compared to the original Fourth Street projections. A detailed breakdown of income and expenditure is shown in Appendix 1.

	Fourth Street Business Plan projections	Revised WCBC Model projections (as reported to EBI December 2018)	Actual April 2018 – March 2019	Variance (against WCBC model projections)
Year 1 total income	£481,170	£351,858	£320,118	-£31,740
Year 1 total expenditure	£669,315	£524,950	£507,441	-£17,509
Net operating surplus/ - deficit	-£188,145	-£173,092	-£187,323	£14,231
Arts Service Cash Limited Budget	£134,823	£139,600	£139,600	
Year 1 funding shortfall	-£53,322	-£33,492	-£47,723	

Table 1. 2018/19 actual income compared to Fourth Street projections in 2015

- 4.7 Actual net income was less than forecast by £31,740 whilst expenditure was also less than forecast by £17,509. The reason for the income being less than anticipated was as a result of the Food and Beverage target being too optimistic at that time, along with an increase in the utility costs associated with the car park, which then impacts on the net income position. Expenditure was less than forecast due to a lower than expected NNDR charge, however this was offset by increases in other premises costs such as repairs and maintenance and utilities.
- 4.8 Activities at Tŷ Pawb take the form of events, Arts exhibitions, volunteering opportunities, a retail and food offer, learning, and room hire. A performance report

detailing the activities, events and footfall for Tŷ Pawb's activities during its first year (2 April 2018 – 31 March 2019) including the information requested at the December meeting of this Committee as detailed in paragraph 2.3 of this report is attached at Appendix 2. Hyperlinks provided in the background papers section to this report highlight some key achievements and media coverage during this time.

- 4.9 This report also contains quantitative performance information re relation to footfall and events during this time. The manual footfall count for visitors to Ty Pawb during the period 2 April 2018 to 28 February 2019 is 105,735 averaging between 4,000-5,500 with significantly higher numbers recorded at key times such as the opening in April 2018, Focus Wales in May 2018 and during December leading up to Christmas.
- 4.10 In late February of this year, electronic footfall counters were installed at all entrances to the building. In March, the recorded footfall totalled 31,265. The total footfall recorded for the first 12 months (2 April 2018 – 31 March 2019) amounts to 106,672 visitors compared to the estimate made in the Fourth Street Business Plan of 50,000. Footfall during April recorded is 30,238 taking the total to date to 137,000.
- 4.11 The manual footfall count recorded visitors entering through the Market Street entrance, the footfall counters are installed on all entrances to the building. The data recorded for March suggests that the manual count would be significantly below the actual number of visitors entering the building. Now in place, the footfall counters will provide a more accurate picture of footfall for 2019/20 an future years.
- 4.12 During the first year, as knowledge of the performance of Ty Pawb has been better understood, work has been underway to develop a Business Plan that identifies challenges, priorities, opportunities and a projected cash flow for future years. This is attached as Appendix 3 of this report.
- 4.13 **The Business Plan 2019/20 – Key Highlights**
- i. 2019/20 income and expenditure forecast
 - ii. Five year income and expenditure forecast
 - iii. Continued commitment from Arts Council Wales with a grant of £115,000
 - iv. Focus on stimulating early evening economy
 - v. Tŷ Pawb is becoming known as a food and events destination there is an opportunity to further build on this in 2019/20
 - vi. Focus on a less is better approach through the Exhibition programme putting more time into each exhibition to increase audience engagement and increase public programmes and integration with the market
 - vii. Further develop the schools programme linking to the programmed use of Gallery 2
 - viii. Review opening hours in response to visitor needs/footfall patterns
 - ix. Review car parking charges for 2020 onwards
 - x. Increase occupancy in South Arcade and Studio space located on floor 1 of Tŷ Pawb and maintain high occupancy rates in the Market
 - xi. Opportunities to increase income through the Bar now being operated 'in house'
 - xii. Balance local marketing with regional and national, in line with our ambitions for the profile of Ty Pawb as a regional and national destination

- 4.14 Income and Expenditure forecast 2019/20 is contained in section 13 of the Business Plan. In summary, all targets are considered to be challenging but realistic (based on performance in 2018/19). A contingency of £7,187 has been included which sets the predicted net surplus/shortfall against the cash limited budget to zero. The Business Plan provides a detailed narrative explaining the challenges and opportunities in achieving the income targets associated with each of Tŷ Pawb's functions.
- 4.15 The income and expenditure will be regularly monitored throughout the year and reported to the Advisory Board and Lead Member in order to identify where mitigating actions may be required to address any areas of concern or identify areas of success and to pursue further opportunities.
- 4.16 The Business Plan also contains a five-year income and expenditure forecast (section 14 of the Business Plan) providing for three scenarios: Base Case, Worse Case and Best Case. All scenarios assume a level of inflation in expenditure based on cost of living rises, the Base Case then assumes growth in income at 2.5% whilst the best case assumes 5% annually. The worst case assumes no growth in income and lower occupancy levels.
- 4.17 Each of the scenarios are presented in two options - the forecast based on car parking charges remaining at £2.50 for a full day (Option 1) and at £3 for a full day from 2020/21 onwards (Option 2). Any change to car parking charges is subject to a review of car parking charges at Tŷ Pawb as referenced in the Business Plan.
- 4.18 In summary, option 1 best-case scenario forecasts a net surplus against the cash limited budget of £26,979 in 2020/21 rising to £37,726 in 2023/24. In comparison, option 2 best-case forecast suggests a net surplus of £40,979 in 2020/21 rising to £51,726 in 2023/24. The worst-case scenario in option 1 ranges from a net shortfall of £1,553 in 2020/21 to a shortfall of £18,085 in 2023/24 whilst the worst-case in option 2 still maintains a net surplus of £12,447 in 2020/21 but gradually reduces to an estimated shortfall of £4,085 in 2023/24.
- 4.19 The base-case scenarios suggest a net surplus against the cash limited budget of £22,764 in 2020/21 reducing to £18,895 in 2023/24 for Option 1 and a net surplus of £36,764 in 2020/21 reducing to £32,895 in 2023/24.
- 4.20 Members are asked to consider recommending to Executive Board that in the situation that a surplus is generated that an earmarked reserve is established in order to retain the funds to be reinvested back into Tŷ Pawb and the Arts Service.

5. IMPLICATIONS

- 5.1 **Policy Framework** – Activities at Tŷ Pawb contribute significantly to the Councils Pe5 objective: 'to enable access to leisure and cultural services'. The creation of Tŷ Pawb at the former Peoples Market has been a significant development in Wrexham Town Centre. Intended to act as a catalyst for regeneration to contribute to achieving the Council's aims articulated in E1 of the Council plan to support a sustainable and thriving economy and make Wrexham a place people want to live, work, learn and invest in. In terms of the Council's Sustainable Planning Principles and the Wellbeing of Future Generations Act (Wales) 2015 the five ways of working are core to the operational management and delivery of services at Tŷ Pawb.
- 5.2 **Budget** – All budget implications are detailed within the body of the report.

- 5.3 **Legal** – There are no legal implications arising from the report.
- 5.4 **Staffing** – The Business Plan and funding available include the employment for a staff team to manage the building and the service provided within it. There are no further staffing implications arising from this report.
- 5.5 **Equality/Human Rights** – Members are advised of their duty to consider the full Equality Impact Assessment, which is available at <http://vmwinsqld/equalityisalive/Menu.aspx> report number [HE/EIA0018346/2018]. Members of the public can request a copy of the full Equality Impact Assessment from the Contact Officer named in the header box of this report.

A summary of the Equality Impact Assessment is attached as Appendix 4.

- 5.6 **Risk** – An analysis of key risks is included in the Business Plan (Appendix 3 of this report – pages 28-29)

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
Executive Board report 12/01/16 ‘Proposed redevelopment of Wrexham’s People’s Market/Creation of a New Arts, Cultural and Market Space	HAED/01/16	http://modern.gov.wrexham.gov.uk/documents/g3000/Public%20reports%20pack%2012th-Jan-2016%2010.00%20Executive%20Board.pdf?T=10
Executive Board Report 12/09/17 ‘Naming of the new Arts and Market development at the former Peoples Market and monitoring of future management arrangements’	HHE/32/17	http://modern.gov.wrexham.gov.uk/documents/g3766/Public%20reports%20pack%2012th-Sep-2017%2010.00%20Executive%20Board.pdf?T=10
Observer Article 1 September 2018 ‘Tŷ Pawb review – an art gallery that truly is everybody’s house’	website	https://www.theguardian.com/artanddesign/2018/sep/01/ty-pawb-review-art-gallery-everybodys-house-wrexham-market
Wrexham Council News – online ‘Miami, Cape Town, Copenhagen.... Wrexham’	Website	https://news.wrexham.gov.uk/miami-cape-town-copenhagen-wrexham/
2,000 people attend Tŷ Pawb first birthday -		http://www.wrexham.com/news/nearly-2000-people-take-part-in-ty-pawb-first-birthday-celebrations-167482.html
Messy Lines review of Uptwist Downtwist	website	http://messylines.com/home/cutting-a-new-cloth/
Halloween	website	https://www.leaderlive.co.uk/news/17192358.wrexham-halloween-costume-

		making-fun-at-ty-pawb/
Wrexham.com – Grayson Perry tapestries come to Wrexham	website	http://www.wrexham.com/news/were-absolutely-thrilled-to-be-able-to-bring-this-exhibition-to-wrexham-ty-pawb-to-host-grayson-perry-exhibition-162002.html