

**PLYMOUTH CITY COUNCIL
MOUNT EDGCUMBE JOINT COMMITTEE**

Subject: Mount Edgcumbe Medium Term Service Review

Committee: Mount Edgcumbe Joint Committee

Date: 14 December 2012

Joint Chairs: Councillor Peter Smith, Plymouth City Council
Councillor Trubody, Cornwall Council

Cabinet Member: Councillor Peter Smith, Plymouth City Council
Councillor Armand Toms, Cornwall Council

CMT Member: Anthony Payne. Director for Place, Plymouth City Council

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Ref: ME

Key Decision: No

Part: 1 and 2

Purpose of the report:

This report presents the final Medium Term Service Review (MTRS) document for Mount Edgcumbe Country Park that officers of the two constituent authorities have carried out. This process will take into consideration how Mount Edgcumbe is currently managed, how much it costs to do this, what level the of income generation is and identifies future pressures affecting the way the site is managed.

The document is also set out within the context of future reductions in Government funding and how the implications of this on Local Authority budgets may affect the way Mount Edgcumbe may operate in the future, predicating the need for Mount Edgcumbe to be less reliant on Local Authority support at some point in the future.

Members should note that due to confidential nature of the review it has to be presented on the agenda in two parts for the purposes of the meeting.

Part 1 gives background and highlights the way the review was carried out. It also shows that the MTRS for Mount Edgcumbe is only the first phase of a three phased approach which are: undertake a 'state of the nation' type review, use this data to produce various options through a Viability Plan, which in turn sets the strategic direction for a new Business Plan.

Part 2 therefore details the review document in full, including commercially sensitive information.

Corporate Plan 2012 – 2015:

Plymouth City Council:

This report links to delivering the priorities within the Council’s Corporate Plan.

Cornwall Council:

Business Plan Immediate Priorities: Use of resources and performance management

Environment, Planning and Economy Directorate Plan priorities:

Creating a Green Cornwall Council, Creating better Places to Live

Delivering Excellent Services

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

The review document only shows how Mount Edgumbe currently operates and to what level of financial support it receives from both Local Authorities.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

None.

Recommendations and Reasons for recommended action:

It is recommended that the Joint Committee notes the report.

Alternative options considered and reasons for recommended action:

Given the ongoing pressure on public service finance and the desire to see Mount Edgumbe less dependent on financial support from the two constituent authorities it is appropriate that a Medium Term Review of Mount Edgumbe is undertaken. The review document will provide valuable information for the next phase of work – the Viability Plan, which will look at future governance models and options, which will in-turn give supporting information and strategic direction for the development of a new Mount Edgumbe Business Plan.

Background papers:

None.

Sign off:

Fin	n/a	Leg	n/a	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member											
Senior CC Officer											

1. Medium Term Service Review

- 1.1 The process for assessing and understanding what will be the most effective way of managing Mount Edgumbe Country Park in the future falls into three phases:
- a. Medium Term Service Review (MTSR): provide a document that captures, as best possible, the business and functions that Mount Edgumbe provides, setting out its financial position (including income opportunities and levels of expenditure) and highlighting future funding challenges, its potential liabilities and what are the 'hidden' costs to both authorities. This provides a better understanding of the true cost of managing the asset.
 - b. Viability Plan: in light of the information gathered from the MTSR, develop a viability plan which will recommend an effective way to sustainably manage Mount Edgumbe for the future and identify the steps that are needed to be taken to achieve this.
 - c. Business Plan: once the vision/direction has been agreed and the appropriate governance model(s) set out through the Viability Plan, a new business plan can be formulated to provide the firm financial basis on which to develop the business or businesses for Mount Edgumbe.
- 1.2 This report covers the first phase of work carried out, as indicated in 1.1 (a) above. This baseline of information gathering is vital part to the overall review process and forms the basis for the next two stages 1.1 (b) & (c).

2. Recommendations

- 2.1 It is recommended that the report is noted.

MEDIUM-TERM SERVICE REVIEW

FUNCTION: Mount Edgcumbe

DATE CARRIED OUT: September 2012

VERSION: 04.12.12

I. Report Introduction (Part I)

The Mount Edgcumbe Joint Committee (MEJC) requested a process for assessing and understanding the most effective way of managing Mount Edgcumbe Country Park for the future. The first phase of this approach to look at the costs of operating and managing the estate together with some comparative organisational information has now been completed, and is presented to the Committee for discussion.

Why carryout a review?

Since 1971 Mount Edgcumbe has received a subsidy from both local authorities to offset the operating costs of running the house and country park alongside its earned income. Whilst the subsidies have reduced in recent years, public sector funding in this current economic climate is expected to continue to decrease significantly over the next four years.

In order to address this issue Mount Edgcumbe Officers Working Group (MEOWG) decided with the support of the MEJC to undertake a medium term review of Mount Edgcumbe.

Aim of the review

This work captures the current business and functions of Mount Edgcumbe through an objective and honest assessment of the facts, setting out its financial position (including key income and levels of expenditure) and the future challenges of operating in the same way with reduced budgets taking account of its liabilities and the need to establish the 'hidden' costs to both authorities. This will provide a better understanding of the true cost of managing Mount Edgcumbe and inform the process of moving forward any current and future issues.

The service review also undertook a visitor survey to enable a greater understanding of Mount Edgcumbe's customer base. The results are included in Part 2 (appendix 2 on page 24) of the review document. Since the report was completed a further visitor survey was undertaken in October half-term holiday with further surveys to be undertaken next year.

The service review also includes some comparative organisational information with other country parks that are managed by various organisations – local authority, trust and private. However, it has been difficult to establish and acquire financial information from all organisations as either they don't know it fully or will not provide the information. As a consequence, it is difficult to accurately compare on a like for like basis. However it does provide some indicative information, and is included in Part 2 (chapter 13 on pages 17 and 18).

It has also been assumed in the service review that future local authority funding from central government will be reduced over the next budget cycle. It is unclear at this stage how this funding reduction will impact upon both local authorities' support for Mount Edgcumbe. However to help inform the service review a number of financial scenarios have been assessed and their possible impact on both Mount Edgcumbe and Plymouth City Council and Cornwall Council (see Part 2, Chapter 15 on page 19). Also, to assist with the Viability Plan's key outcomes, it is proposed that a grant reduction budget profile is produced that will identify where possible changes may occur and how this may affect ME's budget and where any new governance (if any) could be formed.

The detailed information collected through this service review is to inform the next stage of this work to develop and produce a viability plan that will enable Mount Edgcumbe to become a 'fit for purpose', commercially viable entity that is less reliant on funding from local authorities.

Based on the service review findings the viability plan will look at:

- what is/are the product(s),
- what are the markets,
- who are the competitors,
- what is the best governance model for ensuring the Park can operate most effectively and profitably,
- what may be required by both Authorities to achieve this,
- how can capital be raised,
- what are the liabilities, assets etc.

All this needs to be set out in a methodical way, which will include an appraisal/analysis of the potential future governance models.

This work is to be undertaken by sub-group of MEOWG, whose terms of reference can be read in Part 2 (Appendix 4 on page 44) of the review document. The corresponding work programme is also contained within this section.

Alongside the viability plan an independent 'critical friend' with commercial experience and relevant knowledge and expertise will be brought in to test the thinking. S/he will be engaged to provide guidance and support, and to challenge the outcomes of the work programme. This will ensure that the final viability plan will have been rigorously scrutinised to make it viable and robust.

Once the viability plan has been completed and accepted, a new business plan for Mount Edgcumbe will be developed based on and determined by the findings and agreed governance structure.

In the meantime a refreshment of the current business plan has been undertaken to ensure that existing and immediate business opportunities are pursued and implemented and that momentum is not lost whilst longer term plans are developed. These are set out in a separate report.

How was it carried out?

The Medium-Term Service Review was developed by officers from the two Local Authorities of Cornwall Council and Plymouth City Council. This was agreed and set out through the MEOWG and the MEJC.

Timescales

Work on the review commenced in July 2012 and involved discussions with both authorities with a final draft document to be presented to the MEJC on the 14th December 2012.

Note to Mount Edgcumbe Joint Committee Members

The members of the committee need to note that the information gathered to produce the service review document includes commercially sensitive data. Therefore it is necessary to present the document as a Part 2 report, which will follow this Part 1 introduction in the agenda.