



# **Brighton & Hove**

**BRIGHTON & HOVE CITY COUNCIL**

## **REPORT OF THE SCRUTINY PANEL ON THE DOME**

### **MEMBERSHIP OF THE SCRUTINY PANEL:**

**Councillor Kevin Allen (Chair)**  
**Councillor Simon Williams**  
**Councillor Jan Young**



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## **FOREWORD BY CHAIR OF THE SCRUTINY PANEL**

This scrutiny report is unusual in that its findings lead to recommendations addressed not only to the Council itself but also to an outside body, the Dome and Festival management. In order to respect the autonomy of the latter our recommendations are presented as requests, together with additional slightly more tentative suggestions.

The report has taken far longer than it should have done. For months it was on hold because of the staffing crisis in the scrutiny section. Eventually, on top of all his other commitments, John Chard took on the difficult task of familiarising himself with the earlier papers and pulling it all together. The Scrutiny Panel wish to express their thanks to John for that.

We are aware that we shall attract criticism for having held our sessions in camera. But because we were dealing with classified documents and because the majority of the sessions were held in the shadow of the then still unresolved and highly sensitive dispute between the Dome and its contractor it would not have been possible to conduct our investigation in public.

A handwritten signature in black ink, appearing to read 'Kevin Allen', with a small dot at the end.

Councillor Kevin Allen  
Chair of the Scrutiny Panel



## **1. INTRODUCTION**

1.1 The Overview and Scrutiny Organisation Committee<sup>1</sup> established the Scrutiny Panel to review the following: -

(a) To review the current and three-year arrangements being made for Council funding of the Dome complex with a risk assessment based therein;

(b) To take into account lessons learnt from the 1997 Business Plan;

(c) To ensure that the appropriate measures are put into place to optimise the potential of the Brighton Dome and Festival; and

(d) To receive information from Council members, officers, external agencies and other stakeholders.

1.2 The objectives and terms of reference of the Scrutiny Panel are set out in Section 2 below.

1.3 This report draws conclusions and recommendations from the information received by the Scrutiny Panel during the course of the review.

1.4 The report will be submitted to the Overview and Scrutiny Organisation Committee to sign off and to the Policy and Resources Committee for their consideration and response. The report, together with any response from the Executive Committee, will be submitted to a meeting of the full Council as soon as possible.

1.5 The Scrutiny Panel fully supports the presumption that scrutiny reviews should be held in public to ensure transparency and accountability. However, the Scrutiny Panel also recognised that a substantial amount of the information that was under consideration was either commercially sensitive or had been considered by the Policy and Resources Committee as falling within the provisions of Section 100A (3) or 100 (1) and Schedule 12a of the Local Government Act 1972. In addition, the Scrutiny Panel also recognised some of the witnesses that gave evidence were more likely to be forthcoming and open if the evidence remained exempt from the press and public.

1.6 In the circumstances, the Scrutiny Panel understands the need to provide as much information as possible but this was tempered by the duty placed on the Scrutiny Panel to respect the exempt information that was submitted to it for consideration. Therefore the conclusions and recommendations reflect the need for transparency and accountability but also the requirement to respect exempt information.

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<sup>1</sup> Overview and Scrutiny Organisation Committee 22 September 2003

## **2. THE OBJECTIVES OF THE REVIEW**

2.1 The focus of the review was particularly to consider the current and three – year arrangements being made for Council funding in the light of the request for additional funding submitted to the Policy and Resources Committee on 16 July 2003. The recommendations reflect the limitations imposed by the Terms of Reference together with the fact that the first Business Plan that was prepared for submission as part of the application to the Lottery was outside the Terms of Reference. The Scrutiny Panel also acknowledged that there were issues about the development contract that were at the time of the review subject to potential litigation and therefore excluded from the Terms of Reference.

2.2 In addition the Scrutiny Panel was asked to look at the lessons to be learnt from the 1997 Business Plan without dwelling on the past.

2.3 In relation to the future the Scrutiny Panel was asked to ensure that appropriate measures are put in place to optimise the potential of the Dome and Festival.

2.4 To assist the Scrutiny Panel in its deliberations members received information from Council members, officers, external agencies and other stakeholders. A list of the witnesses that submitted evidence is set out in Appendix D.

## **3. THE CONTEXT OF THE REVIEW**

3.1 At its meeting on 2 September 1997, the Arts, Recreation and Tourism Committee received a joint report<sup>2</sup> from the Director of Arts, Recreation and Tourism Services, the Director of Business Services and the Director of Environmental Services that contained exempt information in relation to outstanding matters arising from the financial appraisal of the transfer of the Dome to the Brighton Festival approved by the Brighton Borough Council's Arts and Leisure Services Committee<sup>3</sup>.

3.2 The report also referred to the application to the Arts Lottery Fund. This included the Business Plan submitted by the Brighton Festival Society that had been considered by the Director of Business Services.

3.3 It was clear from the assessment carried out by the Arts Lottery Fund that they would be expecting a significant contribution from the Council. It was anticipated that the Heritage Lottery Fund would be assessing the project later. It was noted that the achievement of Single Regeneration Budget (SRB) matching funding would undoubtedly assist the project.

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<sup>2</sup> Item 50 Arts, Recreation and Tourism Committee, 2 September 1997

<sup>3</sup> Arts and Leisure Services Committee, Brighton Borough Council, February 1996

3.4 At this meeting<sup>4</sup> the Committee approved the Business Plan, the proposed lease arrangements, and the proposed project management arrangements. It noted that if the Brighton Festival Society's management of the Dome complex is in line with the proposals in the Business Plan the transfer should be cost neutral to the Council.

3.5 A further confidential report<sup>5</sup> was considered by the Council relating to further issues concerning the Dome Lottery application. The report referred to consideration of the bid by a Panel of assessors independent of the Arts Council prior to submission to the Arts Council Lottery Panel. It was noted that the Panel had recommended that further work be done on certain matters. It further noted that if these matters could be resolved the main capital bid would be considered by the Arts Council of England on a timescale that would enable the works to go ahead to the original timetable ie February/March 1998 with an on site start in the summer of 1999.

3.6 The Scrutiny Panel noted that the project was financially very complex and it was not helped by changes to the procedure for Arts Council Lottery applications.

3.7 The Scrutiny Panel noted that the assessors had identified two "showstopper" issues that needed to be overcome if the bid was to be approved: the long-term viability of the scheme and the level of partnership funding.

3.8 The Scrutiny Panel also noted that this report<sup>6</sup> also indicated that the issues that were unresolved in the Business Plan had now been addressed by the Brighton Festival but without stating what these issues were and how they had been resolved.

3.9 It was anticipated in the Business Plan that the Dome complex would break even in 2001/02 before making a surplus. Therefore there were concerns expressed at the meeting of Policy and Resources Committee<sup>7</sup> about additional funding that was being sought and as a result a request was put forward to scrutinise the internal processes and information that had been relied upon to fund the Dome complex.

3.10 The Overview and Scrutiny Organisation Committee<sup>8</sup>, after considering the request for scrutiny, decided to establish a Scrutiny Panel and set the Terms of Reference as set out in paragraph 1.1 above.

#### **4. THE STRUCTURE OF THE REVIEW**

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<sup>4</sup> See footnote 2 above

<sup>5</sup> Arts, Recreation and Tourism Services Committee 21 October 1997 and Policy and Resources Committee 3 December 1997

<sup>6</sup> See footnote 5 above

<sup>7</sup> Item 37 Policy and Resources Committee 16 July 2003

<sup>8</sup> Item 28 Overview and Scrutiny Organisation Committee 22 September 2003

4.1 The Scrutiny Panel consisted of three members agreed by the Overview and Scrutiny Organisation Committee<sup>9</sup>. The Scrutiny Panel comprised Councillor Kevin Allen in the Chair along with Councillors Simon Williams and Jan Young.

4.2 The Scrutiny Panel was provided with reports and minutes of Council meetings relating to the Dome. Most of the reports had contained exempt information as defined by Schedule 12A of the Local Government Act 1972 although some reports had been considered in open session where the information was not considered to be commercially sensitive or did not satisfy the definition of exempt information. A list of the reports that have been considered by the Scrutiny Panel is set out in Appendix C.

4.3 In addition the Scrutiny Panel considered the following information:

- A briefing on the finances of Scansca (the contractors)
- A briefing on the finances of Devco (the company set up to manage the project on behalf of the Council and the Brighton Festival)
- The “stocktake” report on the original Business Plan<sup>10</sup>
- The Dome Recovery Plan
- The Recovery Milestone Plan and Quarterly Review Papers
- The 1997 Business Plan

4.4 The Scrutiny Panel met on nine occasions and received evidence from Council members and officers, the Chief Executive and senior managers of the Brighton Dome and Festival Society and the Head of the Arts Council’s Stabilisation Unit, external agencies and stakeholders.

## **5. THE BRIGHTON FESTIVAL AND DOME 1997 BUSINESS PLAN**

5.1 The Policy and Resources Committee met on 16 July 2003<sup>11</sup> and considered a request for additional funding. The Committee was informed that the Brighton Festival Society took over responsibility for the Dome in 1999 and following extensive lottery funded refurbishment, the Dome re-opened in 2002. However, despite a successful programme and the Brighton Festival having its most successful year ever, at the end of the first year of operation it became clear that the original Business Plan had made a number of assumptions that were proven to be optimistic. As a result, the Brighton Festival faced a substantial shortfall at the end of the first year.

5.2 In the light of this information the Arts Council of England accepted the Organisation onto a first stage of its lottery funded Recovery programme and

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<sup>9</sup> See footnote 8 above

<sup>10</sup> Referred to in paragraph 5.5.2 of the report of the Chief Executive submitted to the Overview and Scrutiny Committee on 22 September 2003

<sup>11</sup> Item 37 Policy and Resources Committee 16 July 2003

made an award of £500,000 to enable the company to continue trading until such time as a proper organisational review could be undertaken and a realistic Business Plan produced.

5.3 The Committee<sup>12</sup> was informed that a team of specialists, led by Mr. Russell Southwood for the Arts Council, had been working with the Brighton Dome and Festival staff to review all aspects of the operation including cost levels, staffing numbers, the structure of the Organisation, trading income and allocation of resources between companies. In addition to this, in order to obtain comparisons with similar organisations, a benchmarking exercise was also undertaken.

5.4 As part of the review an Options Analysis was also undertaken. The review examined three options for the Dome before developing a Business Plan for the favoured option. The revised Business Plan put forward a vision for the running of the Brighton Festival and Dome that matched the original aspirations for the project, but proposed a more realistic route to achieving it. It was acknowledged to be a thorough and comprehensive document and included cautious estimates of income. The Scrutiny Panel noted that it was the view of the external consultants that staff levels appeared to be in line with other venues used as comparators.

5.5 The Scrutiny Panel noted that the achievement of the revised Business Plan required a substantial increase in funding levels from both major funders; the Arts Council of England (ACE) SouthEast and the Council. The amount requested from ACE SouthEast represented a stepped increase to a total of £850,000 per annum by the end of the three year period and represented a final total increase of £600,000 per annum on current core funding at the end of the period. The funding requested from the Council amounted to £1.25m per annum over the three-year period. This represented a final total increase of £559,500 per annum on existing funding levels by the end of the three years.

5.6 The Scrutiny Panel was advised that the Brighton Festival Society had been accepted on to the full lottery funded Recovery process by the Arts Council of England. The Arts Council of England agreed Recovery funding of £1.286m subject to a number of conditions. The funding would be in part a revenue bridge over the three-year period until such time as the major funders could build to the requested year 3 level of funding. One of the conditions of this funding was that the Council agreed the uplift in funding over the three-year period as set out in paragraph 5.5 above.

5.7 In relation to the Options Analysis, three options were considered: a regional arts centre; a receiving venue; and a hall for hire. The revised Business Plan was predicated on the favoured option of a regional arts centre, consistent with the original vision for the Dome. It was recognised that this was the only option that delivered the desirable outcomes in terms of programme mix,

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<sup>12</sup> See footnote 11 above

education and audience development work, services and opportunities for residents and visitors. Any other option ran the risk of triggering clawback of funds.

5.8 The Scrutiny Panel considered the risk analysis. The Scrutiny Panel noted that if the Council had not agreed to increase the funding as set out in paragraph 5.5 above, there was a risk that the Arts Council funding would not have been forthcoming. If there were no funding increase, the Dome would not be able to deliver the vision originally subscribed to by all funders and partners. The venues would become receiving or hire venues only and run the risk of the clawback of lottery funds.

5.9 The Scrutiny Panel concluded that if the Dome were merely to become a receiving and hire venue there was a risk that the Brighton Festival Society would not wish to continue to run the operation and might seek to return the Dome to the Council. This would make further Arts Council funding unlikely and might result in the existing grant being withdrawn.

5.10 Following consideration of this information the Policy and Resources Committee<sup>13</sup> agreed the following:

That the Corporate Services 2003/04 block allocation be increased by £187,500 to be allocated to the running of the Brighton Dome and Festival for the financial year 2003/04 and that this be taken from the general unallocated contingency provision in the current year's budget.

That additional funding for 2004/05 and 2005/06 of a further £200,000 and £172,000 is planned and cumulatively allocated for subsequent years.

5.11 The Policy and Resources Committee<sup>14</sup> also imposed a number of conditions on the increased levels of subsidy and also agreed to defer the repayment of loans totalling £1.025m until the end of the three-year period.

5.12 The Scrutiny Panel acknowledges that hindsight is a very valuable commodity. However, there does now seem to be common agreement that there were a number of assumptions that subsequently proved to be somewhat optimistic.

5.13 These optimistic projections have had a direct bearing on the lower than anticipated income and the higher running costs.

5.14 The Scrutiny Panel notes that at the time there was considerable pressure on both officers and members to develop a bid that was universally acceptable and to meet the stringent conditions set by the Arts Council of England: South East and the Single Regeneration Budget. The Scrutiny Panel

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<sup>13</sup> Item 37 Policy and Resources Committee 16 July 2003

<sup>14</sup> See footnote 12 above

also notes that the project was a very complex package to put together. The Scrutiny Panel has not received any evidence to suggest that there was any deliberate attempt to put forward any misleading information.

5.15 The bid had to overcome a number of stringent assessments including a panel of assessors independent of the Arts Council prior to submission to the Arts Council Lottery Panel. The Lottery Panel were satisfied that the project was able to deliver.

5.16 Given the complexity and size of the project it is not surprising that the contractors came across some unexpected issues that needed to be resolved. This inevitably led to a number of delays and undoubtedly contributed to the uncertainty as to when the Dome would open.

5.17 The Scrutiny Panel also heard from witnesses that adverse weather conditions had also contributed to the opening of the Dome being delayed. This had caused difficulties with the programming of events.

5.18 The Scrutiny Panel was informed that the approach adopted of forming a development company to progress the project was usual practice by local authorities and the Council had been careful in protecting its position with the Development Company.

5.19 The Scrutiny Panel has noted that according to the “stocktake” report “Almost all of the problems .... came from .....an over-optimistic Business Plan. The original programme aspired to a level of ambition ..... beyond the financial and staffing resources of the original budget; over-optimistic revenue projections and unlikely business model.”

5.20 However, it is the considered view of the Scrutiny Panel that council officers did not probe and analyse the Dome/Festival figures as closely as they should have done and that it is in fact only comparatively recently that the Dome/Festival figures have been examined with the rigour that elected members expect.

***RECOMMENDATION 1*** That senior officers and elected members be given a full account of the advantages and disadvantages of a major project before a final decision is taken to establish the right partnership vehicle for progressing the project.

***RECOMMENDATION 2*** That senior officers and elected members should ensure as far as is practicable that the appropriate funding is in place before embarking on a major project to minimise the prospect of applications for additional funding at a later date and before the project is completed.

## **6. THE CURRENT AND THREE YEAR ARRANGEMENTS FOR THE DOME COMPLEX**

6.1 The Scrutiny Panel received evidence from a number of officers and members from the Council together with senior officers of the Brighton Festival Society<sup>15</sup> in relation to the issues and challenges that now face the Brighton Festival Society.

6.2 The Scrutiny Panel was informed about the process that had resulted in the Brighton Festival Society being taken onto the Arts Council funded recovery process. This involved the commissioning of a Stocktake Report and the drafting of a Recovery Business Plan that was designed to overcome the existing difficulties and to stabilise the project. It was hoped that by the end of the three-year period the project would be able to move forward and also move into profit.

6.3 The Scrutiny Panel noted that part of the Recovery Business Plan was the requirement to hold quarterly review meetings that enabled the progress to be monitored. The quarterly meetings involved the major funders, senior management of the Brighton Festival Society, a member of the Board of the Brighton Festival Society, and senior officers of the Council. In addition, the Senior Arts Council Officer for the Recovery Unit also attended the meetings.

6.4 The Scrutiny Panel heard evidence that some of the Board meetings had clashed with meetings of the Policy and Resources Committee, which had affected key members and stakeholders. Whilst this was unfortunate it had not helped the process.

***RECOMMENDATION 3*** *That meetings of the Brighton Festival Society Board and the Policy and Resources Committee of the Council are not held on the same day.*

6.5 The Scrutiny Panel received evidence in relation to the Recovery Plan that had been agreed by the Arts Council. Based on the difficulties that had arisen a stocktake was undertaken to assess why the Dome had run into difficulties, the key issues and what cash flow and technical support would be needed. The Recovery Plan was based on the Stocktake report.

6.6 The Arts Council South East Office Stabilisation Advisory Panel had agreed that the Recovery Plan was an appropriate vehicle to help and support progress. The Strategic Panel had already agreed that the project was of strategic importance that should be supported.

6.7 The Scrutiny Panel was reminded that quarterly meetings took place to monitor the progress of the Recovery Plan and to work through a milestone

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<sup>15</sup> See appendix D for list of witnesses

plan which drew out key financial and artistic issues from the Business Plan. The Recovery Plan focused on the organisation itself rather than the arts programming and included major infrastructure development, staff and capacity building work.

6.8 The Scrutiny Panel was surprised to learn that the Recovery Plan focused on the organisation rather than the arts programming. However, the Scrutiny Panel was advised that adopting an exclusively arts route could have difficulty in attracting large enough audiences and would not necessarily form an adequate basis for the organisation. The Plan had been discussed at some length before being agreed and made provision for a mix of uses including conferencing, hiring and bought-in products as well as a formal Arts Council programme.

6.9 The Scrutiny Panel was informed that if the balance of events were to move away from what had been agreed then the Arts Council would need to be consulted. However, it may be acceptable to hold a highly commercial event with less art related content in order to build up a bigger reserve for a major arts development in the following year. Equally, a solely artistic programme was unlikely to be sustainable.

6.10 The Scrutiny Panel was informed that the organisation needed a subsidy to help cover its core costs. The Scrutiny Panel was advised that any organisation needed a while to recover and that in comparison with other similar projects going through a recovery process the Brighton Festival Society was doing very well in hitting key targets.

6.11 It was noted that the recovery programme had been agreed in March 2003. The signs are encouraging. However, whilst the Arts Council would be satisfied if the organisation were financially sound after three years the Council would have a continuing interest over the longer term.

6.12 The Scrutiny Panel received evidence that the relationship between the Brighton Festival Society Ltd and its three subsidiaries, the Brighton Dome Limited, the Brighton Festival Limited and the Brighton Dome and Museum Development Company Limited, resulted in a complex financial system. The costs were allocated across the different companies and four sets of audited accounts. Therefore it was not easy to get comprehensive information from the accounts.

6.13 The Scrutiny Panel received information that external consultants appointed by the Arts Council had given a positive report about the controls and quality management information. The Scrutiny Panel noted the key elements of the finance systems and basic controls in place, including purchase ordering, transaction listing and accounts reviewing. The Scrutiny Panel noted that the financial literacy had been improving across the organisation and the departments were asking more questions about the accounts.

6.14 In relation to the current management information, the Scrutiny Panel was informed that financial data was currently provided by the Brighton Festival Society consisted of information in the following format:

- Business Plan
- Quarterly Review meetings
- Board Papers

6.15 The Scrutiny Panel was reminded that the Recovery Plan covered the financial period 2003 to 2006. The Plan sets out the key policies on which the Plan was based and the financial projections and budgets for the period including the subsidy required to fund the organisation. The Plan was therefore fundamental to any review of the Society's performance, as it was against this that its performance could be monitored.

6.16 The Quarterly Review Meetings provide a significant amount of information about the Society's activities over a three month period within the financial year (and where appropriate cumulative results from the start of the accounting period).

6.17 The Scrutiny Panel was informed that two officers represent the Council at these meetings where documentation is received covering the following areas:

- A comparison of the actual type/number of events run in the period with those assumed in the Business Plan
- A detailed listing of all ticket sales made by event
- A high level budget and revised forecast for the current year
- A summary of contribution, by 'art form'
- A detailed listing of all events for the financial year, by 'art form'
- Management Accounts

6.18 The Scrutiny Panel noted that whilst there is no question over the quality or accuracy of data provided by Festival staff, there did seem to be a gap between the very high level of information being provided in the form of the Business Plan and the very detailed information recorded in the Quarterly Review Meetings. For anybody other than Festival staff this makes it particularly difficult to understand how the organisation is performing. This includes senior officers and elected members.

6.19 The Scrutiny Panel sees this as critical at a time when the Council and the Arts Council of England: South East are contributing more revenue funding. The Scrutiny Panel regards it as reasonable to request the Festival management to provide financial information in a more accessible and user-friendly form.

6.20 The Scrutiny Panel also believe that although the quality and accuracy of data is important, it is equally important that any information is provided prior

to the Quarterly Review Meetings. This will enable officers sufficient time to be able to analyse and evaluate the information and to raise any meaningful issues at the Review Meetings.

6.21 The Scrutiny Panel appreciate that the Festival officers understand this and are taking steps to amend their administrative procedures in order to facilitate this.

6.22 It was suggested to the Scrutiny Panel that in order to enable the Council and senior managers of the Festival to focus on the high-level strategic issues facing the organisation a sub-group could be formed to discuss the more detailed financial and operational results. Key issues from this could then inform the Quarterly Review Process and any detailed analysis required as a consequence of discussions at Quarterly Review Meetings delegated to the sub group.

6.23 The Scrutiny Panel understands that there are already regular meetings held between senior officers of the Council and officers of the Dome to discuss programming and educational matters. This allows a greater understanding of the wider matters outside of those simply discussed at Quarterly Reviews of Board Meetings. In the circumstances it was suggested that it would be appropriate for a similar dialogue to take place between the Dome's Head of Finance and a senior Finance Officer within the Council. The Scrutiny Panel agrees.

***RECOMMENDATION 4*** *That regular meetings take place between the Head of Finance at the Dome and a senior Finance Officer of the Council to facilitate a greater understanding of the wider of the financial issues in line with the recommendations of the report of the Head of Strategic Finance<sup>16</sup>.*

***RECOMMENDATION 5*** *That the Annual Report to Policy and Resources Committee on the value for money of the grant to the Dome to enable formal assessment of performance could be used as a model for future partnership projects where large sums of council resources are invested.*

***RECOMMENDATION 6*** *That the Council needs to be clear in large scale projects what it wants to achieve; therefore the guidance recently published<sup>17</sup> should be disseminated more widely to key staff.*

## **7. REQUESTS AND SUGGESTIONS TO THE DOME AND FESTIVAL MANAGEMENT**

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<sup>16</sup> See Appendix E

<sup>17</sup> Standards Committee 24 June 2004 Guidance for members and officers on outside bodies

7.1 The Scrutiny Panel, who held two meetings with Nick Dodds, the Chief Executive, and other senior managers of Brighton Dome and Festival, would like to record their thanks to Nick and his colleagues for their openness and ready co-operation.

7.2 The Scrutiny Panel is in no doubt that robust management systems are now in place, that the business was stabilised and that there is a clear and consistent focus on meeting the requirements of the Recovery Business Plan. This is an important reassurance for the Council. However there remain some problems. In particular the financial information provided by the Dome and Festival management needs to be more transparent and user-friendly.

7.3 The Scrutiny Panel asks the Dome and Festival management to agree to the recommendations made by our financial officers (Appendix E) that are endorsed by the Scrutiny Panel and set out in paragraph 7.4.

7.4 The Scrutiny Panel makes some additional points for the Dome and Festival management to consider:

1. That management information is provided to the Council sufficiently early to allow adequate time for analysis ahead of meetings.
2. That data is presented in a more meaningful way to enable elected members and officers to clearly understand the financial and operational performance.
3. That the 'fixed' management costs are clearly identified and variance from the Business Plan highlighted and explained.
4. That notwithstanding the importance of maintaining a vibrant traditional arts programme, the Dome Management should consider widening the events programme to include more 'popular' arts events, especially ones that would appeal to new audiences that have not traditionally visited the centre. Alongside this, the Dome Management should consider further development of its conference and 'non-arts' income-generating programme
5. That the Dome Management should be more proactive in investigating retail space options ahead of the opening of the Jubilee Library. In addition the Dome Management should consider employing the services of an ergonomic consultant to ensure that all the space is effectively utilised.
6. That the Dome and Festival management are asked to consider ways in which they could make the premises more accessible to the public throughout the day and generally make more varied use of the space. It might be worth engaging an ergonomic consultant.

7. That more care is taken with timetabling of events to avoid clashes of other major events in the city.

8. That the closure of the Brighton Centre for rebuilding presents a marketing opportunity for The Dome that should be fully exploited.

## **8. SUMMARY OF RECOMMENDATIONS**

***RECOMMENDATION 1*** That senior officers and elected members be given a full account of the advantages and disadvantages of a major project before a final decision is taken to establish the right partnership vehicle for progressing the project.

***RECOMMENDATION 2*** That senior officers and elected members should ensure as far as is practicable that the appropriate funding is in place before embarking on a major project to minimise the prospect of applications for additional funding at a later date and before the project is completed.

***RECOMMENDATION 3*** That meetings of the Brighton Festival Society Board and the Policy and Resources Committee of the Council are not held on the same day.

***RECOMMENDATION 4*** That regular meetings take place between the Head of Finance at the Dome and a senior Finance Officer of the Council to facilitate a greater understanding of the wider of the financial issues in line with the recommendations of the report of the Head of Strategic Finance<sup>18</sup>.

***RECOMMENDATION 5*** That the Annual Report to Policy and Resources Committee on the value for money of the grant to the Dome to enable formal assessment of performance could be used as a model for future partnership projects where large sums of council resources are invested.

***RECOMMENDATION 6*** That the Council needs to be clear in large scale projects what it wants to achieve; therefore the guidance recently published<sup>19</sup> should be disseminated more widely to key staff.

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<sup>18</sup> See Appendix D

<sup>19</sup> Standards Committee 24 June 2004 Guidance for members and officers on outside bodies

## 10. APPENDICES

### APPENDIX A

<b>Meeting/Date</b>	Overview and Scrutiny Organisation Committee: 17 January 2005
<b>Report of</b>	The Chair and members of the Scrutiny Panel
<b>Subject</b>	The Dome
<b>Wards affected</b>	<i>All</i>

#### **Financial implications**

There are no direct financial implications arising from this report.

#### **Legal implications**

There are no direct legal implications arising from this report.

<h4><b>Corporate/Citywide implications</b></h4> <p>There are no direct corporate/city-wide implications arising from the report. However, if the recommendations and suggestions are accepted it is hoped that they will facilitate a successful outcome to the project and that the Dome will contribute to the economic well being of the City and will develop into a major regional arts centre.</p>	<h4><b>Risk assessment</b></h4> <p>A risk assessment was carried out as part of the Recovery Plan and reference is made to this in the body of the report.</p>
<h4><b>Sustainability implications</b></h4> <p>There are no direct sustainability implications arising from the report.</p>	<h4><b>Equalities implications</b></h4> <p>There are no direct equalities implications arising from the report.</p>
<h4><b>Implications for the prevention of crime and disorder</b></h4> <p>There are no direct implications for the prevention of crime and disorder.</p>	

#### **Background papers**

The background papers are referred to in the main body of the report.

#### **Contact Officer**

John Chard: Member Services Manager Tel: 291227

## **APPENDIX B**

### **SCRUTINY REVIEW OF THE DOME WORK PROGRAMME**

#### **Meeting 1: 27 September 2003 12 noon Kings House**

**Discussion** – Membership, Terms of reference and objectives agreed. A programme of meetings agrees, information and reports that would need to be circulated, and an initial list of witnesses was agreed.

#### **Meeting 2: 17 November 2003 3.30p.m. Brighton Town Hall**

**Discussion** – The Scrutiny Panel agreed the notes of the meeting held on 27 September 2003 and received evidence from Paula Murray, Project Manager and Head of Arts and Creative Industries Unit. The Scrutiny Panel also identified further information that they would like to see.

#### **Meeting 3: 24 November 2003 3.00 p.m. Hove Town Hall**

**Discussion** – The Scrutiny Panel agreed the notes of the meeting held on 17 November 2003. The Scrutiny Panel also received evidence from Jackie Lythell, and Alex Bailey, Director of Strategy and Governance. The Scrutiny Panel then undertook a guided tour of the Dome including the Concert Hall, the Pavilion Theatre and the Corn Exchange. The Scrutiny Panel also were able to discuss issues with Nick Dodds, Chief Executive of the Brighton Dome and Festival; Steve Bagnall, General Manager; Louise MacDougall, Head of Finance and Administration; and Guy Morley, Head of Programming.

#### **Meeting 4: 15 December 2003 11 a.m. Hove Town Hall**

**Discussion** – The Scrutiny Panel agreed the notes of the meeting on 24 November 2003. The Scrutiny Panel also received evidence from David Panter, Chief Executive; and Councillor Sue John, Lead Councillor for Culture and non-executive director of Brighton Festival Society Limited.

#### **Meeting 5: 26 January 2004 11.00a.m. Hove Town Hall**

**Discussion** – The Scrutiny Panel received evidence from Councillor Garry Peltzer Dunn and Mark Pearson, Strategy and Resources Manager.

#### **Meeting 6: 9 February 2004 5.00p.m. Hove Town Hall**

**Discussion** – The Scrutiny Panel received evidence from Dawn Langley, Arts Council Head of Stabilisation Unit

**Meeting 7: 16 February 2004 11.00a.m. Hove Town Hall**

**Discussion** –The Scrutiny Panel received evidence from Nick Dodds, Chief Executive Brighton Festival Society Limited and Louise MacDougal, Head of Finance and Administration Brighton Festival Society Limited.

**Meeting 8: 27 September 2004 10.00a.m. Kings House**

**Discussion** – The Scrutiny Panel received evidence from Mark Ireland, Head of Strategic Finance, Brighton & Hove City Council; and Paul Bridger, Senior Accountant, Brighton & Hove City Council.

**Meeting 9: 18 October 2004 10a.m. Kings House**

**Discussion** – The Scrutiny Panel discussed the information and evidence received and started to formulate possible recommendations.

## **APPENDIX C**

### **RECORD OF INFORMATION RECEIVED BY THE SCRUTINY PANEL**

**NB Where reports contain exempt information reference is made to the relevant paragraphs of Schedule 12A of the Local Government Act 1972.**

Joint Report of Director, Arts, Recreation & Tourism Services; Director, Business Services; and Director, Environmental Services to Arts, Recreation and Tourism Committee 2 September 1997 (Item 50) ( Exempt paragraphs 8 and 9)

Joint Report of Director, Arts Recreation & Tourism Services and Director of Business Services to the Arts, Recreation & Tourism Services Committee 21 October 1997 and Policy and Resources Committee 3 December 1997 (Item 164) (Exempt paragraphs 8 and 9)

Report of Strategic Director, Culture & Regeneration to Policy and resources Committee 13 December 2001 (Item ?) (Exempt paragraphs 8 and 9)

Report of Chief Executive to Policy and Resources Committee 16 January 2003 (Item ?)

Report of Chief Executive to Policy and Resources Committee 12 July 2003 (Item ?) (Exempt paragraphs 5 and 7)

Report of Chief Executive to Policy and Resources Committee 16 July 2003 (Item 37)

Extract of minutes of Policy and Resources Committee 16 July 2003 (Item 37)

Report of Chief Executive to Policy and Resources Committee 16 July 2003 (Item 52) (exempt paragraphs 5 and 7)

Extract of minutes of Policy and Resources Committee 16 July 2003 (Item 52) (Exempt paragraphs 5 and 7)

Report of Chief Executive to Overview and Scrutiny Organisation Committee 22 September 2003 (Item 28)

Extract of Overview and Scrutiny Organisation Committee 22 September 2003 (Item 28)

Request for Scrutiny from Councillor Garry Peltzer dated 14 September 2003 submitted to Overview and Scrutiny Organisation Committee on 22 September 2003

**Report of Monitoring Officer to Standards Committee on Guidance for Members and Officers on Outside Bodies 24 June 2003 (Item ?)**

**The 1997 Business Plan**

**The Dome Recovery Plan**

**The Recovery Milestone Plan and Quarterly Review papers**

## **APPENDIX D**

### **List of witnesses**

Councillor Garry Peltzer Dunn

Councillor Sue John

Mr David Panter, Chief Executive – Brighton & Hove City Council

Ms Paula Murray, Project manager and head of Arts and Creative Industries Unit

Mr Alex Bailey, Director of Strategy and Governance and Monitoring Officer

Mr Nick Dodds, Chief Executive – Brighton Dome and Festival

Mr Steve Bagnall, General Manager – Brighton Dome and Festival

Ms Louise MacDougal, Head of Finance and Administration – Brighton Dome and Festival

Mr Guy Morley, Head of Programming – Brighton Dome and Festival

Mr Mark Pearson, Strategy and Resources Manager – Brighton & Hove City Council

Mr Mark Ireland, Head of Strategic Finance – Brighton & Hove City Council

Mr Paul Bridger, Consultant Internal Auditor – Brighton & Hove City Council

Ms Dawn Langley, Head of Stabilisation Unit – Arts Council

Mrs Jackie Lythell

## **APPENDIX E**

### **Review of Management Information Supplied to the Council by the Dome**

#### **1 Introduction**

The Head of Strategic Finance, Corporate Services has requested a review of the financial data made available to the Council about the Dome by the Brighton Festival Society. This paper sets out the extent of the financial reporting currently provided and assesses the adequacy of these arrangements to provide sufficient and timely information in the future. The whole review was prepared, and recommendations made, against a background of an organisation in financial difficulty and one that requires increasing Council support over the medium term.

The contents of this report have been discussed with and agreed by the Head of Strategic Finance and the Head of Arts and Creative Industries Unit.

#### **2 Summary and Recommendations**

Overall the management information produced by the Brighton Festival Society appears to be both sufficient and detailed. However, to help improve the relevance of the data to key stakeholders and the effectiveness of Review Meetings the following recommendations are suggested:

- management information is provided to the Council sufficiently early to allow adequate time for analysis ahead of meetings;
- sub-groups are introduced and held prior to Quarterly Reviews to examine detailed financial and operational information and feed issues into the quarterly review process;
- regular meetings are held between the Dome's Head of Finance and a senior Finance Officer within the Council to allow for a wider understanding of the financial issues;
- data is presented in a more meaningful way to enable Members and Officers to clearly understand the financial and operational performance;

- the 'fixed' management costs are clearly identified and variance from the Business Plan highlighted and explained.

### **3 Current Management Information & Review Processes**

The data provided currently by the Brighton Festival Society consists of information in the following:

- Business Plan
- Quarterly Review Meetings
- Board Papers

The original Business Plan was updated just over a year ago and now covers the period 2003 to 2006. This sets out the key policies on which the Plan is based and the financial projections and budgets for the period including the subsidy required to fund the organisation. This document, although giving details at only a relatively high level, is fundamental to any review of the Society's performance, as it is against this that measurement should take place.

The Quarterly Review Meetings provide a significant amount of information about the Society's activities over a three-month period within a financial year (and where appropriate the cumulative results from the start of a period). Two Officers represent the Council at these meetings where documentation is received covering the following areas:

- A high level comparison of the actual type/number of events run in the period with those assumed in the Business Plan
- A detailed listing of all ticket sales made by event
- A high level budget and revised forecast for the current year
- A summary of contribution, by 'art form'
- A detailed listing of all events for the financial year, by 'art form'
- Management Accounts

While there was no question over the quality or accuracy of data provided by Festival staff, there appears to be a gap between the very high level information being provided in the form of the Business Plan and the very detailed information recorded in the Quarterly Review Meetings. This seems particularly significant with regard to anyone other than employees close to the service (such as Members and Senior Officers) understanding how the organisation is performing.

At a time when the City Council (and the Arts Council of England: South East) are contributing more revenue funding there is a reasonable expectation that sufficient data is provided by the Festival (or produced from the current data by

council officers) to inform a wider audience that have a genuine need to understand the financial position and play an important role in its future direction. This is explored in section 4, below.

Although the quality and accuracy of data is vital it is equally important that any information is made available on a timely basis. This is particularly the case where management information is provided prior to Quarterly Review Meetings. To make these meetings worthwhile any paperwork needs to be presented to allow sufficient time for officers to evaluate it and raise meaningful issues at the meeting.

To enable the Executive and senior managers to focus on the high-level strategic issues facing the organisation, a sub-group could be formed to discuss the more detailed financial and operational results. Key issues from this could then inform the quarterly review process and any detailed analysis required as a consequence of discussions at Quarterly Reviews delegated to the sub-group.

It is understood that regular meetings are held between senior officers of the Council and members of the Dome to discuss Programming and Educational matters. This allows a greater understanding of the wider matters outside of those simply discussed at Quarterly Reviews or Board Meetings. It would seem appropriate for a similar dialogue to take place with the Dome's Head of Finance and a senior Finance Officer within the Council.

The financial statements produced by the Brighton Festival Society do not clearly indicate the element of fixed, support costs incurred by the operation in comparison with those identified in the Business Plan. Explanations need to be given for any material variations justifying the reasons for such changes.

#### **4 Future Management Information and Arrangements**

It is essential to be able to provide the 'general reader' with a clear idea of the principles upon which the Brighton Dome venues are programmed, the grounds for different decisions within the programme and the calculations that lead to the final balance of the yearly programme which includes the Festival.

It would be useful to have a clear view of how the programme for the Brighton Dome venues is to be shaped and put together for the year ahead, in addition to the sample programming outlined in the Business Plan. Whilst appreciating that this is not an exact science, it would be helpful to have the following information in support of the Budget:

- an outline of the major programming choices facing the venues ahead of time
- indication of the issues around these choices – artistic, financial etc

In terms of the information that is submitted which analyse the performance of the different elements of the programme, it would also be useful to have:

- a breakdown of the nature of the financial arrangements made on different programming choices, including the commercial hires
- summary information on rejected programme choices
- the rationale behind the targets set for audience figures
- staffing figures for major elements of the programme

There is also a lack of information regarding the apportionment of 'central costs' between the Dome and the Festival. Although it is understood that this issue was raised in the past, no clear information was available to support the current basis of allocation. The Council may want to understand how the basis of apportionment was established and whether this is still reasonable in all cases.

The timeliness of information was discussed in 3, above, and concerns expressed about the short period Officers have between receiving data and attending Meetings. It would seem reasonable for the Dome management and the Council to agree a schedule of dates for submission of data prior to Quarterly Meetings that would allow Council Officers adequate time to analyse the information. Given the large volume of data provided and the financial difficulties facing the operation at this time, a period of at least 5 business days before meetings would seem a minimum amount of time necessary to carry out sufficient analysis. Where more sensitive issues are being addressed, such as a staff restructuring or next year's Budget more time should be given for review, say 7 to 10 business days.

**Original report produced by Paul Bridger and amended in consultation with Paula Murray and Mark Ireland.**

**June 2004**