

Full Business Case (FBC)			
1. General Information			
Directorate	Place	Portfolio/Committee	Deputy Leaders Portfolio
Project Title	Establishment of a Commercial venture between the Library of Birmingham (LoB) and the Birmingham Repertory Theatre (Rep)	Project Code	
Project Description	<p>The Councils Financial Plan 2017+ includes a <i>'proposal to reduce costs by introducing jointly managed arrangements with Birmingham Rep for aspects of venue management (room booking/commercial lettings, event management, catering) at the Library of Birmingham'</i>.</p> <p>The proposal to establish a commercial arrangement between the Library of Birmingham (LoB) and Birmingham Rep Enterprise Ltd (Rep) is in line with the budget consultation and the desire to take a more commercial approach to tackling budget challenges - thus enabling us to protect services. It is proposed to utilise a new company aimed at maximising the value of the unique conferencing and hospitality opportunities offered within the space between the LoB and the Rep at the heart of the city.</p> <p>This partnership reflects the Council's desire to build on the success of both the LoB and the Rep in increasing income through conferencing and hospitality activities. By utilising the various, unusual spaces across the two buildings and unifying the sales, marketing and operational efforts required to sell and to deliver them - the combined offer will lead to greater revenues and profits for both partners and an enhanced level of service to clients.</p> <p>The Council is proposing to enter in to an agreement with the parties from 1 October 2017 to 31 March 2020 (with the option to extend for a further two years).</p> <p><u>Delivery Vehicle</u></p> <p>The proposal is for the new company to be wholly owned by the Rep, but to be operated as an equal partnership between BCC and the Rep, providing both organisations with additional profits, generated through a joint approach cultivating new business.</p> <p>It is proposed that the company will become a 'one stop' events sales</p>		

and management company to include the following functions:

- Sales and Marketing – proactive sales of rooms, catering, conferences and events
- Events Management – setting up and running a range of events in both buildings
- Technical Support – providing IT and technical support for events
- Finance Support

It is anticipated that approximately 7 staff will transfer to the company from the Rep and up to 2 staff from the LoB venues team.

These functions will be led by a Commercial Director, who will have overall responsibility for ensuring the functions meet the needs of the business and the objectives of all parties are achieved.

The company will be wholly owned by the Rep and will include a company board with representation from BCC on the board.

Financial Arrangements

The proposed financial arrangement and the relationship between the Rep and the LoB are that there will be a profit protection mechanism for the initial surplus generated (representing current estimated returns).

Subject to agreement of the detailed terms of the contract, surpluses in excess of the protected element will be divided evenly between the LoB (as a profit/performance share via the contractual mechanism) and the Rep. In the event that the surplus fails to reach existing levels the surplus will be divided in proportion with the income protection arrangement. Detailed contractual arrangements have been the subject of substantial negotiation, and include consideration of tax implications to ensure that agreed arrangements are as efficient as possible for all parties.

To deliver the proposal an investment is required of £0.05m from both parties, the LoB's share will be funded within existing approved budgets for 2017/18.

Drivers for Change

The LoB is a unique asset with an international reputation and this venture provides us with the opportunity to maximise that asset, both financially but also in enabling more customers to benefit from using the world class facility, which is ideally suited for weddings, conferences and events.

Although there are a range of contributory drivers for change for BCC

	<p>they key driver is to achieve the financial benefits required to deliver the 2017/18 budget requirements.</p> <p>To deliver the level of financial benefit required within the budget a transformed, more proactive approach to business growth is required, which is highly unlikely to be achieved within the current model for the LoB.</p> <p>Other contributory factors to the proposal are:</p> <ul style="list-style-type: none"> - The need to protect the cultural heritage of the LoB and the Rep - Protect BCC's core values 		
Links to Corporate and Service Outcomes	<p>The development of a formal commercial relationship with the Rep in relation to the use of events and conferencing space will fulfil the Council's objectives in the following ways:</p> <p><u>Council Financial Plan 2017+</u></p> <p>The Council Financial Plan 2017+ and budget consultation for 2017-18 includes <i>'the proposal to reduce costs by introducing jointly managed arrangements with Birmingham Rep for aspects of venue management (room booking/commercial lettings, event management, catering) at the Library of Birmingham'</i>.</p> <p>The development of this arrangement would realise the budget proposal within the Council's business plan.</p> <p><u>Commercialism:</u></p> <p>Commercialism focuses on maximising the value of every asset within the organisation to drive a financial return, which will enable the authority to protect other services to Birmingham. As part of the Commercialism approach work is taking place across the organisation to identify income opportunities to enable the continued provision of key services to citizens.</p> <p>Developing commercial relationships with partners has been identified as a key strand of Commercialism activity at BCC and the development of a formal commercial relationship with the Rep aligns with the Commercialism approach and enables the Council to benefit from the unique asset of the LoB.</p> <p><u>Council Vision and Forward Plan:</u></p> <p>The development of this approach supports the 'Jobs and Skills' agenda in the Council's vision and forward plan by building on two internationally renowned cultural assets and competitive strengths to support inclusive growth in Birmingham's economy.</p>		
Project Definition Document Endorsed by	Commercialism Board endorsed the approach	Date of Approval	27 March 2017

Benefits Quantification- Impact on Outcomes	Measure	Impact
	Net revenue return (i.e. income from company exceeds investment and previous income from BCC LoB activities)	<ul style="list-style-type: none"> • Achieve savings delivery target within 2017/18 budget proposals to 2020 • Ability to invest in core business activities at the LoB
	Development of BCC and cultural sector relationship (Further development of relationship with key cultural sector partner)	<ul style="list-style-type: none"> • Council's risk of vulnerability to market issues in a region/section of the market is managed
Project Deliverables	<p>The project will deliver:</p> <ul style="list-style-type: none"> - Effective governance for the contract - A signed contract between the parties - Marketing material and brand and a communications plan - An operating model for operations - A sustainable and increasing income stream for both BCC and the Rep 	
Scope	<p>The scope of the proposal is the commercial activity relating to the conferencing and events space at the LoB. The scope does not include the business as usual activity at the LoB, including community events. The scope of the project is:</p> <p><u>In Scope:</u></p> <p>The areas in scope of this business case are:</p> <ul style="list-style-type: none"> • Sales and events booking arrangements and catering (excluding the Library café) • The conferencing and commercial space within the LoB • The space within the LoB that can be used commercially outside of library opening hours • Posts within the venues and events team at the LoB <p><u>Specific event spaces that will be impacted by the proposal are:</u></p> <ul style="list-style-type: none"> • Shakespeare Memorial Room / Skyline Viewpoint • Outdoor terraces • Gallery (December only) • Book Rotunda / Baskerville Corner • Conference Suite • Studio Theatre 	
Scope exclusions	<u>Out of Scope:</u>	

	The core operations of the LoB are out of scope of this project and it is fundamental to this approach that any changes must protect and enable the LoB to operate successfully as a library.		
Dependencies on other projects or activities	The project is dependent on the following activities: <ul style="list-style-type: none"> • Development and formal approval at the Rep Board of a business case for the Rep entering in to the arrangement, including transferring staff to the new company. 		
Achievability	The proposed key milestones within the project are as follows: <ul style="list-style-type: none"> • Identification and investigation of opportunity – April 2017 (complete) • Cabinet Approval – July 2017 • Soft launch of organisation – August 2017 • Sign formal contract – August 2017 • Full launch of the contract, including transfer of staff – October 2017 • 6 month review of initial performance – April 2018 		
Project Manager	Linda Morgan – Project Manager Linda.Morgan@Birmingham-Rep.co.uk		
Budget Holder	David Potts – Head of Library Resources David.Potts@Birmingham.gov.uk		
Sponsor	Jacqui Kennedy – Corporate Director for Place Jacqui.Kennedy@birmingham.gov.uk		
Project Accountant	Guy Olivant – Head of City Finance – Place Guy.Olivant@birmingham.gov.uk		
Project Board Members	<ul style="list-style-type: none"> • Jacqui Kennedy – Corporate Director for Place Jacqui.Kennedy@birmingham.gov.uk • Guy Olivant – Head of City Finance – Place Guy.Olivant@birmingham.gov.uk • Ken Lyon / Head of Commercialism / 07712 436640 Ken.Lyon@birmingham.gov.uk 		
Head of City Finance (HoCF)	Guy Olivant	Date of HoCF Approval:	10/7/2017

2a. Budget Summary – BCC

The budget summary and assumptions behind the business plan are attached in the private report - Appendix B.

Planned Start date for delivery of the project	August 2017	Planned Date of Technical completion	October 2017
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3. Checklist of Documents Supporting the FBC

Item	Mandatory attachment	Number attached
Financial Case and Plan		
<ul style="list-style-type: none"> Funding Strategy 	Private Report	Private Appendix 1
<ul style="list-style-type: none"> Statement of required resource (people, equipment, accommodation) – append a spreadsheet or other document 	Mandatory	Appendix A.3
<ul style="list-style-type: none"> Milestone Dates/ Project Critical Path 	Mandatory	Appendix A.1
Project Development products		
<ul style="list-style-type: none"> Populated Issues and Risks register 	Mandatory	Appendix A.2
Other Attachments (list as appropriate)		
<ul style="list-style-type: none"> Project proposal (as per public report) 		