

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Review of BH Live Contractual and Governance Arrangements
Meeting date	30 July 2020
Status	Public Report
Executive summary	This report seeks to explain the relationship between BCP Council and BH Live, who provide a range of leisure, conferencing and Cultural services. The report makes a number of recommendations for improving the contractual and governance arrangements.
Recommendations	It is RECOMMENDED that: The Council provides greater clarity over the role and expectations of councillors who are members of the BH Live Board and its subsidiaries and whether it is appropriate for Councillors to undertake that role. That BH Live (alongside similar organisations such as SLM and Lighthouse) are brought to Overview and Scrutiny Committee at least annually Measures are put in place to agree open book accounting to ensure that the Council is satisfied that BH Live is in a robust financial position and able to fulfil its contractual responsibilities That the contract management arrangements established by BCP council are embedded.
Reason for recommendations	To improve the governance and contractual relationship with BH Live

Portfolio Holder(s):	Councillor Lewis Allison, Portfolio Holder for Tourism, Leisure and Community
Corporate Director	Bill Cotton, Corporate Director for Regeneration and Economy
Report Authors	Bill Cotton, Corporate Director for Regeneration and Economy
Wards	Council-wide
Classification	For Decision

Background

1. BH Live is an independent company limited by guarantee and a registered charity with an annual turnover of nearly £50m. Originally formed in 2009/10, in 2010 it was awarded a 25-year contract to operate leisure and cultural facilities in Bournemouth and more recently has won contracts to operate facilities at locations including Portsmouth, Croydon and London.

Organisational structure

2. BH Live is a Company limited by Guarantee and a registered Charity. Charity No 1138311, Company No 07092112. BH Live (Enterprises) Ltd, Company No 07175626 is a wholly owned trading subsidiary of BH Live, established to manage the non-charitable activities, primarily relating to conferences and exhibitions.
3. Councillor Lewis Alison and Councillor Lisa Northover are Trustees on the main Board, and Councillor Stephen Bartlett and Councillor Jackie Edwards are members of BH Live (Enterprises)
4. BH Live is separate to the Council and not wholly or part owned.
5. The BCP Council venues managed by BH Live under this agreement are: Littledown, Stokewood & Pelham's Leisure Centres, and the Bournemouth International Centre and Pavilion, all of which generate £40m+ income and support the local economy. BH Live also manage other leisure facilities in the local area which are not owned by BCP Council, namely: Sir David English, Queens Park and Corfe Mullen Leisure Centres.
6. Littledown, Stokewood & Pelham's Leisure Centres typically welcome more than 1.8m customers in total each year, whilst the BIC and Pavilion together host nearly 500 events with annual ticket sales of approx. 450,000.
7. The Mission of BH Live is described below
 - *Encourage more people to take part in physical activity – by providing leisure facilities to encourage active communities and improve health and wellbeing.*
 - *Attract bigger entertainment audiences – with a diverse range of cultural and artistic events that appeal to a wide variety of tastes.*

- *Deliver economic benefit – by hosting major conferences, exhibitions and events that benefit the local, regional and international economy.*

BH Live is part of a growing, 70,000-strong social economic sector that includes The Big Issue, Eden Project, Divine Chocolate and Timewise. Together we contribute £18.5 billion to the national economy (2012 Small Business Survey, 2013) and employ almost a million people.

A social enterprise is a business that trades for a social and/or environmental purpose. It has a social mission to make a difference to the quality of people's lives. It's a corporate business, with a charitable product and ploughs back all its surplus revenues to fulfil its mission.

Unlike a charity, we do not rely on charity (donations, grants, etc) to do our work. And unlike an ethical business, we aren't just trying to minimise our negative social or environmental impact. We're actually here to market and sell social products – and to make a difference.

Customers, partners and audiences who choose BH Live get to play their part in building more connected, healthier and happier communities.

Our activity also supports thousands of jobs across multiple sectors.

8. The organisation was established by Bournemouth Borough Council to not only deliver a wide range of services to the community, but to make substantial financial savings on Business rates and VAT etc through its Charitable status. This approach was pioneering at the time and has subsequently been replicated by many local authorities.

Summary of legal implications

9. The primary relationship with the Council is through the contract and contract management procedures. BCP Council has a 25-year legal agreement with BH Live relating to the provision of Leisure, Arts and Cultural Services (2010-2035). The contract provides for an annual service fee to be paid by BH Live to the Council, reviewed every three years and adjusted for RPI and efficiency provisions. Hence the fee started at £439k in 2010/11, in 2014/15 was £941k and has risen incrementally to £1.8 million in 2019/20.
10. The Council retains ownership of the buildings and facilities, and has Landlord repairing responsibilities. BH Live are responsible for maintenance and fixtures and fittings (which in large venues such as the Bournemouth International Centre and Littledown leisure centre add up to substantial commitments)
11. Under Bournemouth Borough Council, regular meetings were held between the relevant Portfolio Holder, the Council's lead officer and BH Live Chief Executive to monitor performance and resolve any issues between the two organisations such as prioritisation of repairs, opportunities to bid for Sports lottery funding etc. The lead officer for contract management has changed several times over the last few years, after a series of reorganisations and in the run-up to Local Government reorganisation. The contract was managed from a resource's perspective i.e. focussing primarily on the financial relationships and the investment requirements of the buildings and assets.

12. In addition, performance updates have previously been considered by a Council committee on an annual basis. No performance update has yet been considered for 19/20, and this report has now been delayed due to the current COVID 19 related situation.
13. Councillors who hold positions on the BH live main board and its subsidiaries can find themselves in a difficult position, where they have a duty to act in the best interests of the organisation, but also have their wider Council and community interests. These interests could potentially be in conflict.
14. Since BCP was established, new arrangements have been established to monitor the contract, with an experienced Head of Leisure recently appointed. The Chief Executive of BH Live has changed and a new approach is being developed.

Summary of human resources implications

15. BH Live a major local employer with 1300 staff within the BCP area representing over 250 full time equivalent jobs. Currently, all but a small contingent of employees (approx. 20) have been furloughed under the governments job retention scheme.

Summary of sustainability impact

16. Although not a statutory service, councils play a strategic role in determining and driving local economic priorities to increase economic growth, job creation and make local areas attractive places to live and work.

Summary of public health implications

17. The facilities and services operated by BH Live form a vital part of the area's leisure, sports and cultural infrastructure and support the strategic priorities of the Council.
18. They enable residents and visitors to lead active healthy & enriched lifestyles, participate in a wide range of activities and play a key role through direct initiatives such as exercise referral schemes. As such, any changes to provision can have implications on public health and well-being which should be considered as part of decision making.

Summary of equality implications

19. None identified

Background papers

- Annual Report to Economy & Tourism O&S Panel April 2017
- Performance Update - Environment & Economy O&S Panel Sept 2018
- Performance update - Environment & Economy O&S Panel Feb 2019

Appendices

- Appendix 1 BH Live 10 Year report