

REPORT TO: OVERVIEW WORKING GROUP

DATE: 7 FEBRUARY 2017

TITLE: LONG-TERM SUSTAINABILITY OF THE PETS' CORNER

PORTFOLIO HOLDER(S): COUNCILLOR EMMA TOAL, DEPUTY LEADER AND PORTFOLIO HOLDER FOR YOUTH AND COMMUNITY

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RECOMMENDED that Overview Working Group:

- A** Notes the progress made by the Pets' Corner Working Group.
- B** Recommends to Cabinet:
 - I. That the current subsidy for Pets' Corner of £195,000 is maintained until 2018/19 and notes the Overview Working Group's opinion that funding of some scale will be required beyond 2018/19, albeit in a potentially diminishing level.
 - II. That Pets' Corner develop a number of initiatives to increase income targets in order to reduce the level of Council subsidy in the future.

REASON FOR DECISION

- A** The Pets' Corner service is funded through the Discretionary Services Fund. This fund is limited in terms of the resources the Council has available for all discretionary services. To extend the funding beyond 2018/19 is likely to create a significant financial challenge for the Council and lead to service budget reductions in other service areas.

- B** The Council needs to provide certainty over the future delivery of The Pets' Corner service and to explore all options its long term sustainability.

INTRODUCTION

1. The Overview Working Group established a Pets' Corner Working Group to assist in making recommendations to Cabinet on whether the current subsidy to Pets' Corner is required, and to what level, taking into account any additional income streams and significant alternative funding arrangements with education providers. This report provides details of the progress made by the Pets' Corner Working Group.

BACKGROUND

2. Options for outsourcing Pets' Corner have been considered in the past and in January 2012, as part of the Councils' Big Society approach to Discretionary Services, Special Cabinet agreed in principal to transfer a range of discretionary services to alternative providers.
3. As part of this approach, Pets' Corner service was put out to tender and three formal expressions of interest were received. One was not shortlisted as it did not meet the basic criteria. Two organisations were invited to submit full tender bids.
4. Organisation one (from a commercial organisation) was not selected for competitive dialogue as it would have resulted in a radical change to the service and would have offered very limited community benefit. The business case proposed by them assumed high entrance fees that would have made entry to Pets' Corner unaffordable to many Harlow residents. There would also have been a requirement for a high level of subsidy from the Council.
5. Organisation two (a local not-for-profit organisation) withdrew their submission part way through negotiations. The submission was highly dependent on the involvement of another partner to deliver a provision of alternative and vocational education courses. The partner changed their business model part way through the tender period and was no longer able to deliver what was required due to other priorities. Organisation one also identified TUPE arrangements and pension obligation as a reason for withdrawal. There would have been a requirement for subsidy from the Council.
6. In 2012, the Council successfully secured Heritage Lottery Funding (HLF) for the regeneration of Harlow Town Park. The grant enabled capital improvement works in the region of £500,000 to be carried out at Pets' Corner. The works included erecting a new events barn along with improvements to the animal accommodation to ensure that the site complies

with zoo licence requirements. Access and circulation improvements to the facility which included new entrance gates, a new reception and gift shop were also made.

7. In addition, the HLF grant enabled the construction of a new Learning Centre with a construction costs in the region of £300k. Income from the Learning Centre has enabled the Council to create additional income by hiring it out to external organisations.
8. The HLF have grant conditions that apply for 25 years (from 2012 to 2037). A key requirement of the grant is that the Council hold the freehold and control over usage of all property that the grant was provided for. Should the Council decide to dispose of, or operate the Pets' Corner facility in a different way to the current arrangement, agreement is required from the HLF and there may be a requirement for the Council to pay back a proportion of the HLF grant.
9. The grant agreement also states the facilities must be accessible to the community. This does not mean that facilities must be free, only that any entrance fees must be affordable to the local community.
10. For the reasons set out above, it has not been possible to transfer to Pets' Corner service to an alternative provider and therefore the Council has continued to provide the service. However, the Council has explored as many avenues as possible in order to increase income and therefore reduce the level of subsidy that is required to maintain the service.

EVIDENCE

11. The Pets' Corner Working Group was chaired by Councillor Maggie Hulcoop, with Councillor David Carter and Councillor John Strachan and supported by the Head of Community Wellbeing, the Leisure and Cultural Services Manager and the Pets' Corner Manager.
12. The Group has held regular meetings to examine review and discuss potential options for the Pets' Corner, including:
 - a) A tour of the Pets' Corner venue and learning Centre.
 - b) A review of Pets' Corner budgets between 2011 and 2019.
 - c) A review of fees and charges.
 - d) Analysis of statistical figures on visitor numbers, education programmes.
 - e) A review of opening times and the current staffing structure.
 - f) A review of the current income generation schemes.

- g) A review of the different approaches to attract new business.
 - h) A schedule of capital works and associated costs as well as future maintenance and repairs.
 - i) Review of existing partnership arrangements with Harlow Education Consortium, Writtle College, Harlow College and local Academies.
 - j) A review of Learning Centre hirers, exploration of potential usage, opening times, visitor numbers and gift shop figures.
 - k) A benchmarking exercise was undertaken to compare another local authority run zoo.
 - l) Impact of the contributions from the volunteers and Friends of Pets' Corner on supporting the delivery of the service.
13. The Pets' Corner Working Group have discussed and reviewed current and potential income streams. The review included an analysis on whether an entrance fee should be introduced as a potential source of revenue. To charge an admission for Pets' Corner, a barrier/turnstile system would have to be installed to control visitors entering Pets' Corner and a member of staff would be required to issue tickets, collect monies and manage the turnstiles. Estimates suggest that this would cost in the region of £60,000 to set up in the first year, with additional year on year staffing costs. In addition HLF would also need to be consulted on any new proposals and this could incur financial implications.
14. To cover the above costs a significant entrance charge would have to be set to try and accrue a profit to justify above. It is extremely likely that the required admission charge would cause a negative impact by excluding visitors who probably use the facility the most. It would also reduce visitor numbers.
15. The Pets' Corner Working Group concluded that charging an admission fee is not a feasible option and that keeping Pets' Corner free and pursuing other income streams with a view to increasing income enables the Council to have a facility accessible to all.
16. There are a number of income streams already in operation for various services provided at Pets' Corner. These include :
- a) Delivery of Land Based Studies with Writtle College.
 - b) School visits.
 - c) Group bookings.

- d) Sponsorship opportunities.
- e) Birthday parties.
- f) Shadow a keeper.
- g) Gift shop and animal feed.
- h) Voluntary donations.
- i) Venue hire.

These pricing structures are reviewed on a regular basis as part of the Councils budget setting process.

17. The Friends of Pets' Corner was established in 2011 to provide a fundraising arm for the Council. The Friends are now a fully constituted group, supported by approximately ten core individuals with twenty additional volunteers who organise fund raising opportunities such as an annual dog show as well as staffing the on-site gift shop.
18. Pets' Corner also provides a hub for many organisations such as Mencap, Rock School, Heart for Harlow, MIND, Changing Places, Youth Offending Team, St Elizabeth Residential School, Beavers, Scouts, as well as providing volunteering opportunities.
19. Community wellbeing is of fundamental importance to the Council. A number of activities and initiatives delivered at Pets' Corner have a significant impact on Harlow's children and young people. In particular educational attainment the development of skills and abilities are all very important contributors to a person's sense of wellbeing.
20. In addition to Pets' Corner the Walled Garden project provides an enhanced cultural, leisure offer as well as promoting and supporting volunteering. A range of different approaches are also delivered to specifically attract older people and families

FINDINGS

21. The Pets' Corner Working Group identified that Pets' Corner is offering a cost effective service. The number of educational partners involved show that Pets' Corner is already maximising its capacity to deliver quality educational programmes for children and young people, as well as apprenticeships and volunteering opportunities.
20. Pets' Corner is well placed within the Town Park and is a key feature attraction. Analysis of visitor numbers demonstrates that this is a popular service for Harlow residents with constant high numbers during spring,

summer and autumn with reasonable numbers during the winter period. Visitor numbers also indicate that Pets' Corner is a popular visitor attraction for non-Harlow residents bringing additional benefits to the Town Park.

21. New income streams have been introduced. Budgets and income targets are reviewed and monitored on a regular basis and efficiency savings have been implemented. Income targets have been met and have far exceeded expectations. The introduction of land based studies for students in 2014 has increased income from to £2,500 to £52,100.
22. In addition to the learner packages delivered with Writtle College, the Heritage Lottery Funded (HLF) improvements are providing additional opportunities to work with educational providers, commercial operators, hirers and community partners. The new learning centre is proving to be a popular venue and has attracted a wide audience of hirers.
23. The building is in reasonable condition given its age and investment made in more recent years by the HLF project. Ongoing capital funding will be required in the future to maintain good quality standards for example for the Zoo Licence and to retain Green Flag status for the Town Park.
24. The Friends of Pets' Corner play a significant role in assisting with additional income to enhance the service raising and raised £16,000 in 2016 from fundraising activities.
25. The role that Pets' Corner plays in maintaining and improving health and wellbeing for local residents is significant. It is for these reasons alone that the Pets' Corner Working Group feels that the Council should continue to fund Pets' Corner post 2018.

THE FUTURE

26. The Pets' Corner Working Group has recognised that to sustain and develop the service long-term, additional opportunities for increasing income must be explored.
27. In order to plan for growth and secure the future of Pets' Corner there are a number of additional opportunities that could be explored. These proposals are outlined below.

INCREASING INCOME

28. The Pets' Corner Working Group has considered a number of options for increasing income at Pets' Corner. It is anticipated that implementation of a number of initiatives will increase the income achieved significantly, for

example:

- a) Introduce responsible dog ownership packages.
- b) Continue to build relationships with partners and increase educational programme at the Walled Garden site.
- c) Build on delivering the Learning Centre as a commercial space to partners and other organisations.
- d) Increase merchandise sales through the shop.
- e) Re-launch commercial sponsorship by promoting companies to buy into the Pets' Corner brand.
- f) Shorter opening times in the winter and close Christmas Bank Holidays minimal savings on overtime.
- g) Re-siting the donation box to a more prominent position.

CONCLUSION

29. In considering the findings of the options above, experience has shown that achieving a partnership approach to discretionary services is challenging and evidence suggests that seeking an alternative operator for Pets' Corner will not be possible. The view of the Pets' Corner Working Group is that Pets' Corner is much valued by the community and increasing income in order to reduce the subsidy provided by the Council represents the best solution to secure the long term future of Pets' Corner.

IMPLICATIONS

Place (includes Sustainability)

None beyond those contained within the report

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

As set out in the report, current funding to sustain the service is likely to be time limited as the Government makes major changes to the funding arrangements for local authorities nationally. It is likely that the existing funding will no longer be available to the Council by 2019/20 financial year and therefore it is essential that all work that can be undertaken to increase income to the facility and reduce the net operating costs will help significantly when considering future funding options beyond the 2019/20 financial year.

Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

As set out in the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

Pets' Corner is a discretionary service therefore there is no obligation on the Council to continue to provide grant money however the Council may make payment via grant money. The grant money must be made to assist in subsidising a service that is considered necessary by the Council and because the recipient does not otherwise have the resources.

Grant money must be freely given by the Council without obligation to repay and with nothing contractually required in return from Pets Corner. This is to ensure there is no breach of the EU Rules for Public Procurement.

The body of the report details why the Council believes that the service provided by Pets' Corner is necessary for the wellbeing of the community and as such can show due regard to the reasons why grant money can be provided.

The Council can ensure that there is no breach by ensuring due diligence when making the decision to award the additional grant funding. To satisfy its audit responsibility the Council can request that reports are submitted by the Pets' Corner Working Group to inform the Council how the grant money is assisting them to deliver the service.

Author: **Brian Keane, Head of Governance**

Background Papers

None.

Glossary of terms/abbreviations used

None.