

## Agenda Item 19

**Cabinet**

**13 June 2012**

**CP**



### Arts and culture programme review

#### Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

#### Summary

The Council supports a wide range of arts and cultural activities which includes support of the Thelma Hulbert Gallery, the Manor Pavilion Theatre, part time Arts Development Officer post and arts development grant to Villages in Action which supports the grassroots activities of local community theatre and arts groups. The most significant area of Council resource is the Thelma Hulbert Gallery (THG) which has a budget allocation of £115,330 for 2013/14. Asset Management Forum considered a report on 22 May from the Countryside & Leisure Manager on the financial performance of the THG and recommended that the matter of its future funding should be referred to Cabinet as part of a wider review of the arts programme. The reason for this report being Part B is that there are potential implications from this review for staff at the THG and therefore confidentiality is required at this stage.

#### Recommendation

That the Cabinet considers the report and recommends:

- that it be noted that the Overview and Scrutiny Committee had set up a Task and Finish Forum to examine the current programme of support to arts and culture including the future support of the Thelma Hulbert Gallery.
- that the TAFF recommendations be reported to Overview & Scrutiny at its 26 July meeting and referred to the Cabinet 5 September 2012 meeting, with a decision on the future of the arts and culture programme being made by Council.

#### a) Reasons for Recommendation

To allow Cabinet to agree a proper structure for the review of the current arts and culture programme and also agree a timeframe for key decisions to be made.

#### b) Alternative Options

To continue with the current programme of support in place for arts development.

**c) Risk Considerations**

The review may provide recommendations for Cabinet to consider that may risk its reputation within the arts sector and also wider community. There are also risks to the Council's long term budget commitment to arts and culture if this issue is not properly reviewed and able to show added value.

**d) Policy and Budgetary Considerations**

The Corporate Plan under corporate goal 'Enjoying this outstanding place' has a target to secure the status of the THG by achieving trust status. This will be part of the review along with other possible ways forward. The current support for the THG without a significant increase in income is not financially viable with the expected new 3 year DCLG settlement and likely budget deficit issues the Council faces in 2013/14.

**e) Date for Review of Decision**

Overview & Scrutiny to review TAFF recommendations at its 26 July meeting and refer to Cabinet at its 5 September meeting; the decision in respect of the future arts development programme to be determined by Council.

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**Main Body of the Report****1. Background**

1.1 The Council has supported the arts development programme for a considerable amount of time and invested in the refurbishment of the THG as recently as 2009 which shows the level of support for this area of our work

1.2 However with the resignation of the Arts Development Officer in 2011 and the discussions of the possible transfer of the Manor Pavilion Theatre to Sidmouth Town Council, Cabinet recommended a review of the arts programme with a specific focus on the financial performance of the THG.

1.3 Discussions have been on going with Sidmouth Town Council over the Manor Theatre and also meetings with the Environment Portfolio Holder, Culture Champion, Head of Environment (Simon Smale), Countryside & Leisure Manager and Curator of the THG to explore opportunities for maximising income to the Gallery and changing its offer.

**2. Thelma Hulbert Gallery.**

2.1 The Thelma Hulbert Gallery is located in Elmfield House, a Grade 2 listed Georgian house, in Dowell Street, Honiton. Elmfield House was acquired by the Council in 1995 following the death of the artist, Thelma Hulbert, who had lived there since 1984. There are no significant restrictive covenants relating to the use or disposal of the building.

2.2 The gallery was opened in April 1998 and occupied the first floor of the building. The ground floor was let to Devon County Council's Registrar of Births, Marriages and Deaths on an annual rent of £5 – 6k.

2.3 Cabinet when reading this report should consider the following key issues:

- Despite the considerable on going efforts of the Gallery Team to improve the “offer” to visitors the THG is not achieving the targets presented to Executive Board in 2009 (Gallery Creative Consultancy’s Feasibility Study) for its investment, it is adrift by £50,477 for 11/12;
- The overall cost of running the THG to EDDC in 2011/12 was £82,477 (Period 12 figures) which equates to a subsidy of £13.78p per visitor within that year (2011/12 visitor numbers – 5984).
- Conditions linked to the Arts Council grant for the recent refurbishment state:  
Section 34 -“If you sell or give away assets or goods bought, restored, conserved or improved with our grants, we will receive an appropriate share of the “net” proceeds (the proceeds after tax and so on) of this for as long as these assets or the improvements have a useful economic life. This share will usually be the same as the percentage of the costs we paid. However, after we have considered all the circumstances, we may not ask for this if we think it would be inappropriate. We may decide this before you sell or get rid of the asset if:
  - You use the money gained from the sale to benefit the project the grant was for
  - There are arrangements in place for dealing with the proceeds of sale if these are either higher or lower than we had expected.”

2.4 The purpose of the THG is as stated:

*(In 2006 a Business Plan for the THG was prepared and adopted by the Overview Committee, it recommended that the THG programme should be to create more variety and attract new visitors. To not only put on touring exhibitions of national repute the intention was to pursue the following):*

- Create exhibitions and associated workshops aimed at young people;
- Displays associated with local culture and countryside;
- An archive gallery of works by Thelma Hulbert (nationally recognised) with associated information, ensuring that there will always be a current display even during exhibition change over days;
- Exhibitions by local professional artists, either singly or arts organisations;
- Creating a selling showcase for local contemporary crafts people and makers;
- Annual local amateur art exhibitions;
- Creating and maintaining variety in the types and genres of art and craft to attract wider interest.

*Within this Business Plan the commitment to reduce costs and increase income was explicit recognising the need to look at business sponsorship of exhibitions to include private viewings; to develop wider use of the THG by community groups and businesses; increase sales from exhibitions; increase number of `Friends of THG`; seek more grants towards events, exhibitions etc and investigate potential for hire to artists and arts related organisations.*

## 2.5 The expansion of the Gallery took place as a result of:

- In October 2008, in response to the findings of a Feasibility Study prepared by Gallery Creative Business Consultancy, the Executive Board agreed to part fund the expansion of the gallery into the whole building, after taking back the ground floor from the Registrar. The Council agreed a capital sum of £70k to be matched by a similar sum from the Arts Council England South West.
- It was proposed that works would be completed in phases over a 5 year period. The first phase included work to return the principal rooms to their original form, a larger teaching and workshop area, more exhibition space, renovation of the basement area, toilets and a café and shop area.
- The second and third phases included proposals to extend the gallery further by covering the outer courtyard and outbuildings and by building an extension onto the courtyard to run alongside the garden. These proposals have not been implemented.
- Phase 1 was completed in 2010; phases 2 and 3 have not been implemented. Additional revenue budget was approved to allow the increase in hours for the Gallery Curator and the Gallery Administrative Assistant, and for the creation of a new position of Gallery Manager.

## 2.6 The THG Feasibility Plan which came from the work of Consultants concluded on the following key areas:

- The supporting business plan for the expansion scheme outlined proposals to increase income principally through gallery and shop sales, room hire, sponsorship, development of friends' scheme, grant funding etc.
- Visitor numbers at the time were around 4,000 a year and "conservative" projections were that these would increase to 9,500 in 2010/11 and 14,000 in 2011/12. The actual number for 2011/12 is around 6,000
- Projections for the net budget requirement for the gallery over the following five years were:

<u>2008/9</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
£47,000	£50,000	£31,000	£32,000	£28,000	£19,000

## 2.7 However the current and future budget requirement has proven to be somewhat adrift of the Feasibility Study projections presented to Executive Board in 2008 with the following financial performance:

- The budget outturn for 2011/12 is £82,477 (adrift by £50,477 to Feasibility Study projection)
- The net budget requirement for 2012/13 is £115,330 (adrift by £87,330 to Feasibility Study projection)

## 2.8 The main issue is around the shortfall in Gallery income

- The income for the Gallery 2011/12 is £14,919
- The projected income for 2012/13 is £13,710. This is principally from exhibition and shop sales, room hire, donations through the Friends' scheme etc
- Historical income figures are:

2010/11 - £11,829  
2009/10 - £4390  
2008/09 - £2110

2.9 Also the visitor numbers have not been as encouraging as had been anticipated

- 2011/12 visitor numbers – 5499 (11 months to February 2012)
- THG Feasibility Study visitor numbers projection - 14,000 in 2011/12 & achieve 9,500 in 2010/11
- Historical visitor figures are:

2010/11 – 5411 (10 months – THG closed April & May 2010)  
2009/10 – 3332 (9 months - THG closed Jan, Feb & March 2010)  
2008/09 - 3999

2.10 To assist with the understanding of some of these issues SWAP have been asked to carry out an audit of the THG looking at:

- SW Audit Partnership has been asked to carry out a review of the Council's arts and culture programme which will include the THG.
- They will review the business model of the THG;
- Look at its governance including staff roles, its retail offer and sales strategy, targeted audience and partnership working.
- This piece of work has started and be able to feed into the wider review being undertaken of the whole arts development offer currently supported by East Devon DC.

2.11 Through meetings held with the Gallery and the Environment Portfolio Holder and Culture Champion over the last 6 months potential for increasing Gallery income has been identified:

- Discussions have been held with the Gallery Curator on options for increasing visitor numbers and income generation and these include:
  - Better promotion, publicity and marketing
  - Commercial sponsorship
  - Expanding 'Friends' scheme
  - More commercial offering in shop
  - Possible on-line sales
  - Extending opening hours
  - Dedicated space for local artists
  - relocate office and replace with gallery shop
  - seek more grant aid towards events, exhibitions and associated activities
  - Engaging with local businesses
  - Maximising use of available space in landing stairwells etc
  - Potential for hire to artists and arts related organisations
- However, it has become evident that the scope for significant increases in income and therefore movement towards balancing the budget is extremely limited.

- The fundamental issue is that the Gallery offerings do not, nor are they currently intended to, have great commercial appeal and the average spend per visitor is very small.
- Significant increases in income will only result if the ethos of the Gallery was to change to make it more commercially attractive. This of course is the key matter for debate.

### **3 Wider arts & culture programmes**

3.1 Part of the review will also consider the future of the Arts Development Officer post which has been vacant for over 8 months and how such a role could be reworked to deliver a broader and more inclusive arts programme with partners.

3.2 Also the future support of Villages in Action will be considered as this is the sole recipient of the arts development fund of £10,000 per annum. Matters of value added and its benefits to East Devon's local arts organisations will be considered.

3.3 The review will also need to consider how the Council could support a wider arts and culture programme that is "fit for purpose" for the next five to ten years. Such a programme would need to deliver benefits to locally run community led arts programmes in an outreach capacity, potentially support its own assets and where it can help deliver arts programmes in partnership with other organisations which gives good gearing to Council funds.

3.4 It is this wide ranging remit which the proposed TAFF would consider and provide recommendations that enable a balanced view to be taken on a district wide arts and culture programme.

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### **Legal Implications**

The TAFF should consider the implications of the grant funding referred to within the report

### **Financial Implications**

The financial implications will not become apparent until the TAFF have reported back with their recommendations following the review.

### **Consultation on Reports to the Executive**

### **Background Papers**

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Cabinet  
13 June 2012