

# Cabinet Report



Listening Learning Leading

Report of Head of Development and Corporate Landlord

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Wards affected: Didcot, in particular, but potential district-wide impact.

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To: CABINET

Dates: 15 February 2024

## Future Direction of Cornerstone Arts Centre

### Recommendations

- a) That Cabinet endorses the Cornerstone Development Action Plan (Appendix 6) to optimise operation of the in-house delivery model before any consideration is given to alternative operating models.
- b) That Cabinet acknowledge that the current implementation costs outlined within the action plan, expected to be incurred over the lifetime of the action plan, are subject to agreement of full Council at its meeting in February 2024.

Implications (further detail within the report)	Financial	Legal	Climate and Ecological	Equality and diversity
	Yes	Yes	Yes	No
<b>Signing off officer</b>	Richard Spraggett	Vivien Williams	Climate team	Lynne Mithcell

### Purpose of report

1. To propose a future direction for the discretionary service known as, Cornerstone Arts Centre to enable ongoing development of the service to offer the most effective and

efficient operation. This is to maximise community benefit and financial efficiency, and to establish the long-term sustainability of the centre.

2. To outline the proposed Arts Centre Development Action Plan, including the reasons why a plan has been developed, how the actions within the plan were identified and what the desired outcomes are. This report also outlines the impact of the actions that are proposed to be measured during the initial implementation period and in the future.
3. Longer term actions can only be indicative at this stage, as the plan will need to be kept under review and the impact of earlier changes considered.
4. Any council decision that has financial implications must be made with the knowledge of the council's overarching financial position, as reported to full Council in February 2023 when the budget for 2023/24 was agreed. For South, the position reflected in the council's medium-term financial plan (MTFP) as reported in February 2023 showed that it is due to receive £644,000 less in revenue funding than it plans to spend in 2023/24 (with the balance coming from reserves), with this budget gap expected to continue in future years. However, there is great uncertainty over this due to a lack of clarity from government.
5. The future funding gap is predicted to increase to over £8.5 million by 2027/28, based on current cautious officer estimates of future funding levels. Whilst it is anticipated that overall funding for the council will remain relatively unchanged in 2024/25, the lack of certainty on future local government funding from 2025/26 onwards means the level of funding, and the resulting estimated funding gap, could be significantly different from current officer estimates, in either a positive or negative way. Every financial decision, particularly those involving long-term funding commitments (i.e., those beyond 2024/25), needs to be cognisant of the potential for significant funding gaps in future years. The budget report for 2024/25 will provide an update on the council's financial position.

## **The provision of Cornerstone Arts Centre provides links to our Corporate Plan Objectives**

### **6. Improved economic and community well-being**

- Cornerstone Arts Centre contributes to the wellbeing and health of our community through delivery of a variety of programmed arts activities and as a venue for community activities.
- Implementing the proposed action plan (Appendix 6) will allow Cornerstone to improve the services provided for the community, further increasing the positive impact the centre has on the wellbeing of the community.
- Cornerstone Arts Centre contributes to the economic wellbeing of Didcot and the surrounding area, as well as the potential economic benefit to the council. It is a key entertainment venue in the district, attracting people to the town centre. The centre also offers an affordable venue for community groups, businesses, and residents to use to deliver their own income-generating activities.

### **7. Investment that rebuilds our financial viability**

- The action plan includes looking at ways to improve the financial viability of Cornerstone, including accessing potential grants and external funding, reviewing

pricing and marketing strategies to maximise income. It would continue to develop the financial management processes to identify innovative ways to further boost income generation and minimise costs.

- There is a significant decarbonisation project planned for Cornerstone over the coming 12-15 months, which will see some major upgrades to the centre to help reduce its carbon footprint and energy costs. This will reduce the building's operating costs.
- The proposed action plan also includes several capital projects and improvements for the centre, from additional external branding (see appendix 1) to undertaking pre-emptive building improvements. This will ensure the longevity of the building and its activities for the future. By investing in pre-emptive building improvements and maintenance will minimise the need for costly substantial, avoidable or urgent works in the future.

#### **8. Homes and infrastructure that meet local needs**

- As one of the key providers of entertainment/Arts infrastructure for Didcot, the surrounding area, Cornerstone holds an important role for the community. It is the only dedicated performance and arts venue in the town, offering affordable and accessible artistic programming for all.
- Its town centre location offers a focal point for the community, providing an entertainment venue and key meeting place for the community. Currently several local groups use the venue as an informal meeting space to hold activities for a range of people, including vulnerable groups. While some sections of the community are aware of this, the action plan will look to promote this more widely in the community. The venue is a designated 'Safe Space' for the community, offering refuge for anyone, in particular as a safe haven for vulnerable individuals where they can come for assistance.

### **Background**

9. The council is the freehold owner of the land upon which Cornerstone Arts Centre is built. It forms part of a lease known as Orchard Centre Phase 1, to Corona Vulcan (Didcot) Ltd, the superior leaseholder, and is for a term of 150 years from March 2005. There is a lease back to the council, of the same date and term, for a number of properties on Station Road, which include Cornerstone and the adjoining cinema. Whilst this lease has a peppercorn rent, the council is responsible for services charges and for 23/24 this amounted to circa £40,000 for Cornerstone. The lease is silent on matters of use, alteration, assignment and subletting.
10. Cornerstone Arts Centre was built by the council in 2007 and opened in August 2008, offering an in-house artistic programme of shows, classes, workshops and exhibitions, a café, an auditorium, and several multi-purpose rooms/studios for hire. The Café was run by an external operator until 2016, when the café function was brought in-house. The Centre, including the café, currently employs 14 FTE staff and 15 casual staff. Currently four FTE posts are shared with Vale of White Horse District Council for their arts venue in Wantage, one split 50/50 and three split 70/30, with Cornerstone receiving the higher portion of time.
11. Between March 2020 and August 2021, Cornerstone closed to the public due to the Covid pandemic. During this period the venue was repurposed as a community food

hub, preparing food parcels for vulnerable residents and supporting the Community Hub team. The arts centre staff were redeployed where possible. Cornerstone staff also provided a modest online programme during this period for the wellbeing benefit of the community.

12. In August 2021, the venue reopened to the public and began re-introducing and rebuilding programmed arts activities. The level of programmed activity is returning to pre-pandemic levels, despite a significant reduction in the programming expenditure budget since 2020. For example, in 2019/20 cornerstone booked 97 shows, while in the last 12 months 75 different shows were programmed. The cost of performers in the same periods has reduced from £275,000 to around £115,000. This significant cost saving resulted in efficiency was achieved through amendments to the programming selection and negotiation process on performance fees followed by the Arts Centre team.
13. As with the whole arts industry, it has taken some time to see public uptake of arts services return to 'normal' levels following the Covid pandemic and the subsequent cost of living crisis, but ticket sale figures at Cornerstone are steadily increasing. For example, current ticket and class sales for 2023/24 already exceed total sales for 2022/23.
14. Through 2022/23 officers commissioned a range of advisory reviews of Cornerstone by Artisan Estates Management Limited, LGA/Arts Council peer review and Bryn Jones Associates Ltd, to inform officers' work to review a range of options for cabinet members to consider in relation to future operation of Cornerstone. Consultancy support from consultants working in the Oxfordshire arts sector was also obtained to support this work. Additional work has included a review of programming costs, capacity assumptions, catering options, stock condition review of the building and external areas.
15. The reviews and further investigations have provided a range of guidance for immediate and ongoing operational actions as well as options for future management of Cornerstone. It should be noted that these reports are each a point-in-time review, recognising that there are some inaccuracies/assumptions within them and that by their nature as, the situation described in them may no longer be accurate.
16. The Artisan report focused on the building viability and uses, the peer review focused on the cultural aspects of the service and the BJA review focused on the business operations, with some consideration towards the cultural aspects. All three reports included several recommended operational and strategic improvements in their areas of focus, with frequent overlapping areas, such as customer engagement, and maintaining a well-presented venue. See below the outline scope of these reviews.

#### Artisan Property Options Appraisal (Appendix 3)

17. Artisan was commissioned by the Strategic Property team to undertake an options appraisal to explore avenues open to the council from a real estate asset management perspective. The approach of the Artisan property options appraisal undertaken in May 2022 for Cornerstone was to explore:
  - the constraints that apply to the asset, to determine what is possible
  - demand and supply for what is possible in the asset's location

- strategies to optimise the asset's potential in response to the findings.

The Local Government Association (LGA) and Arts Council England Peer Review (Appendix 4)

18. In November 2022 the council underwent an LGA and Arts Council England Peer review of Cornerstone. The purpose of the review was to give an external perspective on the cultural, community and other potential value of Cornerstone and the potential for future development and sustainability of a council-owned resource. In particular, officers asked the peer team to focus on the following issues:

- How can Cornerstone best balance artistic, cultural and community aspirations with the need to deliver revenue to reduce the net cost to the council?
- How can Cornerstone define and measure cultural and community aspirations?
- is a curated programme of courses and workshops still the right approach?
- What scope is there to use Cornerstone as a resource for community development, social regeneration, training and education, health and wellbeing, and other council priorities within its role as an arts centre?
- How can Cornerstone become more inclusive and accessible for the evolving demographic of Didcot and surrounding areas?

19. The peer review report set out several operational recommendations, many of which are already in the process of implementing and are also captured in the action plan.

The Bryn Jones Associates (BJA) Business Options Appraisal (Appendix 5)

20. BJA was commissioned in 2022 to review the business options available to both Cornerstone and the Beacon (as this was a joint report commissioned with Vale of White Horse District Council). The report concluded in early 2023. The scope of the BJA business options appraisal was to:

- establish the best cultural and community models for Cornerstone (and the Beacon as this was a joint report commissioned with Vale of White Horse District Council)
- recommend a preferred option that will establish Cornerstone as an artistic and cultural hub for South Oxfordshire, maximise its income generating opportunities and keep the cost to the council to a minimum to support the council's long term financial position
- identify opportunities to benefit from external funding sources and partnerships.

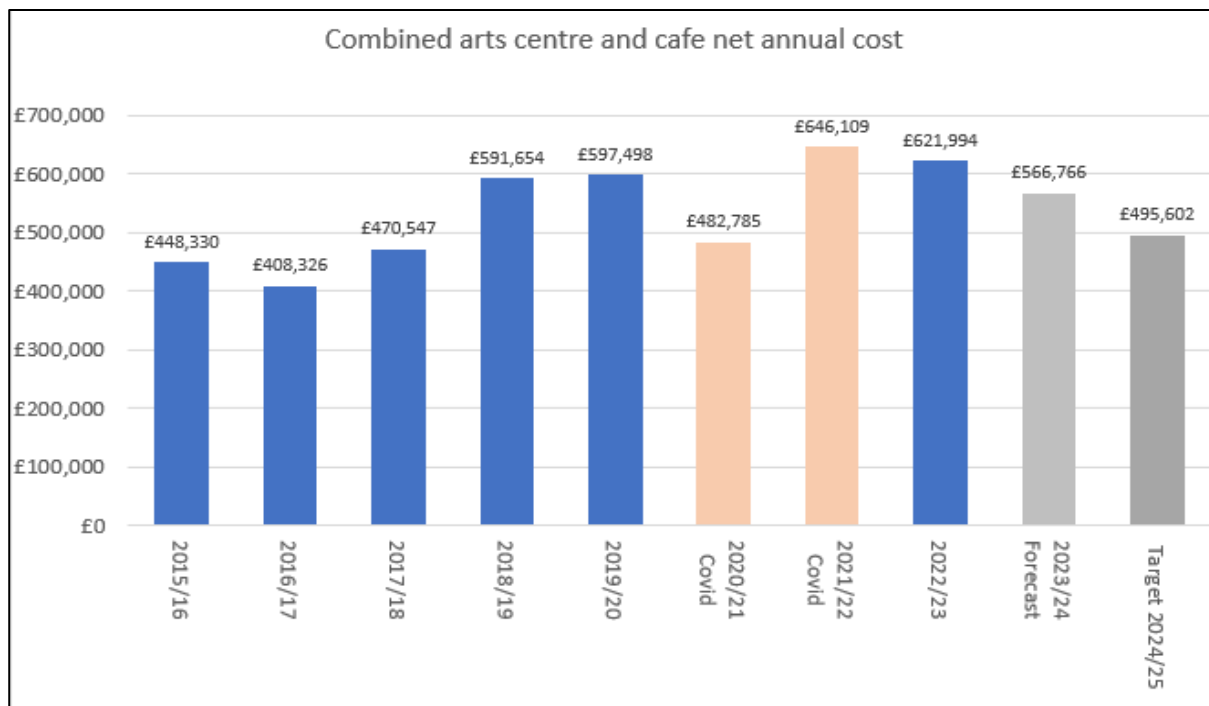
21. BJA conducted an information review including finance, programming, hires, ticketing, catering and marketing; one-to-one meetings and consultations with relevant groups including members, officers and venue staff; mystery visits and area familiarisation; visits to other venues in the area; and secondary research including area demographics, arts and local business sector reports.

22. The BJA report included general recommendations for operational improvements, as well as management models. Officers are investigating and implementing the

operational recommendations where appropriate and are reviewing the models in more detail. They recognise that some of the details, such as the financial assessments, are not in line with council officers' figures and that the timing of this review required significant assumptions as the most recent data available was heavily impacted by the pandemic.

23. Also, in 2022 the council commissioned a decarbonisation survey of the site, which led to a significant decarbonisation project for Cornerstone that the Property Assets Project Team are managing. This decarbonisation work has secured a significant Public Sector Decarbonisation Scheme Grant, which must be spent by 31 March 2025 and requires the council to operate the building for a minimum of three years after practical completion. The council has committed £1.585 million Community Infrastructure Levy (CIL) spending towards this project and is expected to be delivered during 2024/25. It includes replacing the existing heating system with an air source heat pump system and installing solar panels.
24. At the end of 2022, an officer working group was set up to review the various consultant reviews, undertake additional investigations, and prepare an Arts Centre Development Action Plan for Cabinet to consider. This group includes representation from the Arts Centre Team, Finance, HR, Legal and Strategic Management Team with support from an external arts consultant from Oxford Arts Community Interest Company (CIC). The action plan incorporates the recommendations that were identified by multiple parties and/or that are expected to improve the centre's financial or community benefit performance.
25. Shown below in Chart 1 is the annual net cost of Cornerstone to the council for recent years. It also shows the current forecast outturn for this year 2023/24 and the current forecast net costs in 2024/25. We have included the years affected by the pandemic in 2020/21 and 2021/22. During this period the centre was predominantly closed and repurposed. The figures in chart 1 also includes the very recently confirmed £24,000 rental income from a high street bank for sole use of one of the meeting rooms for an initial period of 12-months.

26. Chart 1 – Combined annual financial performance of the arts centre and cafe



27. Chart 1 shows the combined 2024/25 net cost forecast for Cornerstone Arts Centre and the cafe, inclusive of additional spending on marketing and delivery of the action plan. It also includes income growth/saving projections as a result of the investment. The income growth suggested (see Appendix 2) shows a cost saving target, were all actions and additional activity being delivered from the 1 April 2024. The actual savings will be tracked through the financial year as actions are delivered.

28. In addition to identifying various operational improvements the centre could implement, the BJA business review also investigated some potential alternative long-term operating/governance models for the centre. The review noted that the financial viability modelling for the operating options was based on information relevant to a specific point-in-time when the centre was still in the early stages of recovering from the Covid pandemic and reflected previous approaches to alternative funding sources, which may have subsequently changed as the sector has evolved post pandemic.

29. Officers recommend implementing the Cornerstone Development Action Plan before Cabinet consider any alternative operating models for Cornerstone. To provide current, post-pandemic market data to assist in comparing operation options.

## Options and Action Plan

30. The commissioning of the BJA consultant report has been a valuable exercise in understanding the range of options other than direct delivery, which may be available to the council, including:

- the running of the centre by an external organisation, for example a Charitable Incorporated Organisation (CIO)
- an outsourced operator model.

31. It is important that the council review the implications of each of these options in full and set out clearly to Members the associated implications of each option, including any risks and future governance arrangements.
32. The proposed Arts Centre Development Action Plan incorporates actions suggested in the Artisan, LGA/Arts Council England Peer Challenge, and Bryn Jones Associates reviews, and by the officer working group. See Table 1 for a list of the objectives, reason for inclusion and desired outcomes and Appendix 6 for the objectives, actions, measures, desired outcomes, responsible teams and target dates.
33. Using the high-level objectives and actions in the Arts Centre Development Action Plan, officers will create an in-depth operational work plan detailing all tasks required to achieve the action plan objectives. Officers initial estimate of delivering the action plan is £28,500, which has been included in the proposed 2024/25 budget. Delivering any space reconfiguration works could cost a further £50,000 - £250,000. This would be subject to an agreed business case and may require future approval at Council. The action plan costs have been broken down in more detail in Appendix 6.
34. Officers will provide relevant stakeholders (as identified in the action plan) with regular progress updates and performance monitoring reports.
35. After the 18-month implementation period, officers will bring forward a report to Cabinet to provide an update on the implementation and impact of the action plan. They will also provide an updated medium/long-term financial forecast outlining the level of financial commitment required from the council to retain the centre as an in-house service following the implementation of the action plan.



Table 1 – summary of action plan objectives

Action Plan Objective	Reasons for inclusion	Intended outcomes	Due by	Started?
<b>Short Term (up to 9-12 months)</b>				
Launch an Arts and Culture Strategy	Place-shaping, communities and Partnerships, access for all.	A clear vision, purpose and strategic direction and objectives for the council's broader Arts and Culture provision, including Cornerstone	2024/25 Q2	Yes
Increase the leadership capacity to provide direction and development of a new vision	To ensure the action plan and intended outcomes are met	Provide direction and the development of a new vision	2024/25 Q1	Yes
Produce a stakeholder map and extend the working group to become a strategic cross-council group, which allows all parts of the council to understand the wider benefits of the Arts	To enable services to feed into the action plan	Create buy-in from across the council to deliver the vision	2024/25 Q1	Yet to start
Integrate Cornerstone into Didcot Garden Town work	Better community engagement and oversight	Improved delivery	2024/25 Q2	Yet to start
Build relationships with local groupings including town centre partnerships, business networks and education providers	Better understand community, business and education needs, maximise opportunities to work together collaboratively	Collaborative projects developed including wider funding opportunities; strong relationships with groups, schools and local organisations in place	2024/25 Q3	Yes
Establish a Community Board that is fully representative of the emerging communities in Didcot and the wider district	To help define and measure cultural and community aspirations	To identify potential barriers to access for all communities	2024/25 Q2	Yet to start
Ensure the staff and volunteer team understand the equality, diversity and needs of the local community	To ensure that the centre operates and the programme that is inclusive and appropriate	To provide a suitably inclusive and accessible service for the community	2024/25 Q2	
Obtain specialist arts and culture resources where appropriate	Develop skillsets within the team	Implementation of the action plan	2024/25 Q1	Yes
Deliver an updated artistic and cultural offer	Improve community benefit and audience engagement	Improved programming built on the needs and desires of the community; improved relationship with artists and other art/culture providers; Improved positioning within the market and sales	2024/25 Q4	Yes

Action Plan Objective	Reasons for inclusion	Intended outcomes		Status
Improve/increase community engagement to inform review of the artistic and cultural offer	Improved programming to meet the needs and desires of the community; improved relationship with arts and culture providers	Improved positioning within the market; improved sales	2024/25 Q3	Yes
Obtain specialist marketing resources as required	Develop team skills and capacity to develop the arts marketing strategy	Marketing activities are showing positive impact on sales and income, marketing plans and activities are developed	2024/25 Q1	Yes
Implement a Marketing Strategy/plans	Improved branding and marketing; improved signage	Improved branding and marketing; improved signage; increase in ticket sales and memberships	2024/25 Q2	Yes
Implement pricing changes following a full review	Improve commercial viability	Improved market positioning, improved income generation, improved social value, continuing a range of pricing options that are affordable for different elements of the community	2024/25 Q1	Yes
Implement a Fundraising Strategy and secure fundraising resources for Cornerstone	Diversification of income streams	Reduction in net cost to the council	2024/25 Q1	Yet to start
Maximise room/space utilisation and set occupancy targets	Improved utilisation of services/spaces	Improved income; improved social value	2024/25 Q2	Yes
Improve the Café's financial viability and levels of community benefit	Improved Social Value, improve financial viability	Increased cost savings and income generation, maintain or improve customer satisfaction levels	2024/25 Q4	Yes
Implement updated operational procedures	To improved centre operations	Improved efficiency	2024/25 Q3	Yes
Establish more partnership working within the council and with external partners	Increased reach	Potential opportunities to access funding that may not be available to the council directly.	2024/25 Q4	Yes
<b>Medium Term (12-18 months)</b>				
Improve the volunteers, friends and ambassadors' initiatives	Community integration and engagement	Improved social value, community links, value for money.	2025/26 Q1	Yes
Establish more robust performance monitoring and evaluation	Management information on which to base decision making	Ongoing service improvement; foundation for future options appraisal and funding applications	2024/25 Q3	Yes
Deliver the approved decarbonisation project	Alignment with the Corporate Plan objectives	Carbon savings, establish new baseline	2025/26 Q1	Yes

Action Plan Objective	Reasons for inclusion	Outcomes		
Implement pricing changes following a full review	Improve commercial viability	Improved market positioning, improved income generation, improved social value, continuing a range of pricing options that are affordable for different elements of the community	2024/25 Q1	Yes
Subject to future funding, undertake works to allow separation of the Cafe area	Improve flexibility and efficiency	Works undertaken to allow the café to open separately to the rest of the building	2025/26 Q1	Yet to start
Work with Economic Development to establish a Social Value Calculator and targets for Cornerstone	Quantify social benefit of investment	Improved measurement of impact	2025/26 Q1	Yet to start
<b>Long-Term (over 18 months and ongoing)</b>				
Assess the impact of changes made and long-term service models for Cornerstone, including the continuation of an inhouse service.	What is the most sustainable solution to deliver the arts centre service at Cornerstone	Greater focus and cohesion	2025/26 Q4	Yes
Consider the councils ongoing financial commitment to Cornerstone	Maximise opportunities to reduce the cost to the council of the community benefit the arts centre provides.	Improved financial forecasting	2025/26 Q4	Yet to start

**Other options**

36. Considering alternative operating models before implementing the improvement actions identified is not considered appropriate at this point in time. However, as the improvement actions are expected to make a significant impact on the net cost of the current service, fair consideration to those options can only be undertaken once the initial period of the action plan has been implemented. Therefore, this option has not been explored further at this time, but rather the action plan highlights that it will be a consideration in 18 months, when a further report will be brought before cabinet.
37. Continuing with the service as it currently is, with no significant improvements is not considered a viable option given that all the reports commissioned identified improvements in the way the centre can be operated. There is a requirement within the Best Value legislation for officers to continually seek to improve outcomes and efficiency. Not implementing improvement actions identified would mean opportunities for better service and financial outcomes are not realised.
38. Cease delivering the arts centre function and look to repurpose the building is not considered a viable option. This would result in the loss of a key facility for the area that offers high levels of community and economic benefit and links with the council's corporate priorities. Indications from the consultants' reports are that the centre could be more financially sustainable in the medium to long term.
39. As a purpose-build arts venue, the building may require significant alterations to appeal on the open property market, affecting the council's ability to achieve best value from the disposal or alternative use of the site. The estimated building costs of moth-balling the site would be a minimum of circa £130,000 per annum. In addition, there may be staff cost implications for the Arts Centre team and potentially the requirement to repay some of the PSDS decarbonisation grant if the council stopped operating the building within the three-year post completion period after works are carried out.

**Financial implications**

40. The net cost of running the arts centre including the café and marketing functions reached £0.6 million in both 2018/19 and 2019/20. Since then, significant operational changes have been made to achieve a stronger focus on gross profitability of shows and workshops, and overheads are carefully monitored.
41. The benefits of the efficiencies achieved have been offset by inflationary increases in utilities and other financial pressures linked to the cost of living crisis. Consequently net costs for the Arts Centre function (excluding the café) have not significantly reduced, however, they have stabilised at £0.5 million per annum (see Appendix 2). Officers are confident that the investment required to deliver the proposed action plan will reduce the annual net cost to the council, predominantly through a greater focus on income generation and external funding bids that reflect the current national funding regimes that have stabilised over the past two years.
42. As shown in chart 1 above, the net combined cost of Cornerstone (arts centre and café) predicted in 2023/24 is already less than the service cost in 2018/19 and 2019/20 (i.e., excluding the pandemic years). There are further savings forecast following increased marketing investment and delivery of the action plan, bringing the 2024/25 combined forecast net cost for the arts centre and café to £495,602. Target growth achieved from the increased marketing investment is 15 per cent more than the original income target

for 2024/25, and approximately 38 per cent more than the combined income forecast for 2023/24. By implementing the other improvements in the proposed action plan Cabinet would position the centre on a trajectory that could see its net cost continue to reduce in future years.

43. The 2024/25 net cost forecast is inclusive of additional spending on marketing and delivery of the action plan. It also includes income growth/saving projections as a result of the investment. The income growth suggested (see Appendix 2) shows a cost saving target were all actions and additional activity being delivered from the 1 April 2024. The actual savings will be tracked through the financial year as actions are delivered.
44. Officers will work closely with Finance colleagues to calculate the cost benefits of each action and dynamically adjust the MTFP for Cornerstone to provide ongoing financial targets for improvement.
45. Officers modelled the current medium-term financial forecast for the centre (Appendix 2) using the current proposed budget for 2024/25, with inflationary growth applied. Officers note that resources across many service areas are in high demand and availability may impact delivery of the actions within target timescales. This will regularly be reviewed and updated with finance colleagues as officers work through the action plan. The objective is to reduce the net cost to the council to a sustainable level within the current financial environment, as per action point 24 in Appendix 6.
46. While some of the staffing resources required to implement the plan can be provided using the existing team, this may result in capacity deficits elsewhere in the centre's delivery. The council will likely need to buy-in expert knowledge to achieve the best outcomes, and the existing team may require additional training and development to maximise their potential on a long-term basis.
47. At members request, officers have already included several capital/CIL proposals within in the 2024/25 budget setting process (listed below) which will contribute towards some of the actions identified, but further internal funding requests may be necessary for specific actions and will be submitted following due process in line with the council's constitution. Current proposals total £405,000 to fund various improvements to the building, which has not seen major investment since opening in 2008. Many of these improvements were identified in the Artisan, Peer Review and Bryn Jones Associates reports, and/or in a building stock condition survey carried out by the property team in 2021/22. These works would be in addition to the decarbonisation project referred to earlier. Planned works include external branding, general renovations and refurbishment of public areas and auditorium equipment replacement.
48. By investing additional resources to implement the actions identified in the action plan, the council will ensure the in-house operating model is working at optimal efficiency in the long-term, maximising income opportunities, using existing resources to the best of their potential, increasing the community benefit delivered, and minimising the net cost to the council. It will also provide the best possible comparison data for any alternative operating models Cabinet may wish to consider for the centre. Current estimated cost to deliver the full action plan (appendix 6) is £28,500. If space optimisation works are progressed this would cost an additional £50,000 and £250,000 capital funds, subject to an agreed business case to allocate CIL funding.
49. Key actions in the plan include securing external funding for the centre, which cannot be guaranteed in advance, and should not be included in future budgets until it is secured.

If funding is secured, it is likely to be for specific projects that will require some level of matched funding. In these instances, officers would include the full cost to deliver in the expenditure budget proposal until funding is secured, when the funding income would be off set against the expenditure budget, reducing the cost to the council of that activity.

## **Legal Implications**

50. Legal implications of deciding to implement an action plan are minimal at present, but individual actions may have their own implications, which will be assessed and mitigated as they are implemented. Officers will work with colleagues in Legal to identify and resolve any legal implications for individual actions identified.

## **Climate and ecological impact implications**

51. The property assets project team are working with the arts centre staff to progress the £1.961 million decarbonisation scheme for Cornerstone. The project will deliver recommendations from the recent decarbonisation survey, including replacing the existing gas heating system with an air source heat pump system and install solar panels on the roof areas.
52. The council has secured a £376,000 Public Sector Decarbonisation Scheme (PSDS) Grant towards the costs, with the council committing the remaining £1.585 million from Community Infrastructure Levy funds. The PSDS grant must be spent by 31 March 2025. The council must also continue to operate the building for a minimum of three years after practical completion of works, otherwise repayment terms would apply, this may impact possible alternative operating models considered in the future. There are no similar time restrictions on the CIL funds the council has committed to the works.
53. While the decarbonisation works are still in the design phase, it is likely that they will have some impact on service delivery within the centre. The centre's officers are working closely with the decarbonisation project team to minimise any disruption, plan works for the quietest periods for the centre and minimise any potential loss of income when the works are carried out.
54. Officers will work together to forecast the positive impact on Cornerstone's energy costs within the dynamic MTFP for the centre. The Decarbonisation survey indicates that the council could see up to £22,000 in energy savings each year.
55. Officers will consider the ecological and climate impact using the Climate Impact Assessment Tool of each action on the plan when it is being developed and implemented.

## **Equalities implications**

56. Officers have completed an Equality Impact Assessment that did not identify any negative equality implications in the report.
57. As each action is developed officers will consider the equality implications and put mitigations in place if appropriate.

## **Risks and mitigations**

- 58. That the action plan is not delivered within the proposed timescale. Regular progress and performance reviews with the relevant Head of Service, officer working group and corporate programmes team to ensure timelines are monitored.
- 59. That there are insufficient resources to complete all actions identified in the action plan, reducing the overall impact achieved. If there are insufficient resources (financial or time) to carry out all actions within the timeline, the officers working group will prioritise the actions that provide the best value.
- 60. That the action plan does not have the expected impact on the performance of the centre, either in terms of improved benefit to the community or financial viability. The planned regular review of actions being implemented will allow officers to forecast the impact they will have, as will research officers will undertake before implementation starts.
- 61. That the decarbonisation project planned for Cornerstone impacts the centre's service delivery while works are carried out, potentially leading to a reduction in income and community benefit while works are undertaken. The arts centre team will work closely with the decarbonisation team and contractors to minimise disruption and forecast any potential challenges. The successful contractor will be required to provide regular progress updates to help with forecasting any conflicts.

## **Other Implications**

- 62. There may be some HR implications connected to specific actions, especially around developing skills and knowledge in the team and potentially bringing in additional resources. Officers will work with HR colleagues to assess any HR implications for each relevant action as they are implemented.
- 63. The Head of Development and Corporate Landlord has met with the arts centre team to make them aware there is a proposed action plan that will be considered by Cabinet, and in due course will be shared with the staff who will be able to contribute to the further development and implementation of the action plan.

## **Conclusions**

- 64. After reviewing all of the consultant reports, consultation feedback gathered during the reviews, and views of the officers' working group it is clear there are improvements the council can implement to improve Cornerstone's service delivery. This should have positive impact on the financial viability and community benefit the centre offers. Many of these are already being implemented.
- 65. While the council should consider if continued in-house operation is the best possible solution for the centre, they should first do all they can to ensure it is operating to its best potential under an in-house model. This should then ensure that the most informed decision is taken, based on the most up to date financial information, as is required in order to assess best value. It would therefore be prudent to undertake the actions identified in the proposed Arts Centre Development Action Plan.
- 66. Officers will work with the corporate programmes team to monitor progress of the Development Action Plan using the corporate plan reporting process. Officers will

provide regular updates to the officer working group, cabinet members and other key stakeholder groups outlining progress of the implementation and measures of the impact for each action.

## **Background Papers**

None.



## Appendix 1 – external branding initial options

### Current External Branding



### External Branding suggestions



## Appendix 2 – financial information

The tables and charts below reflect direct running costs and income only from 2015/16 to 2022/23 and forecast figures for 2023/24 and 2024/25. There are charts for the combined cost of the Arts Centre and café, as well the separate costs for each. They do not include support service recharges, or year-end accounting adjustments for, for example, depreciation. The direct costs have been separated into the following categories:

- staffing costs
- other direct costs, such as building operation costs, cost to deliver the arts activities, cost of delivering the action plan etc
- marketing costs (marketing costs were separated from Cornerstone's main budget then the team were realigned to the Communications service in 2021)
- income generated (including the recently agreed £24,000 income from a high street bank leasing a room for an initial 12-month period starting on 8 January 2024)
- total net cost to the council.

The 2024/25 forecast budgets are inclusive of additional spending on marketing and delivery of the action plan. It also includes income growth/saving projections as a result of the investment in the action plan. The income growth suggested (see Appendix 5) is representative of the impact on the budget were all actions and additional activity being delivered from the 1 April 2024. The actual savings will be tracked through the financial year as actions are delivered.

The costs for all Cornerstone utilities are currently included in the arts centre budget. Officers estimate that the utility apportionment for the café is estimated to be 15 per cent of the overall building costs. In 2022/23 this was equivalent to £11,000.

Chart 1 – Combined arts and café financial performance

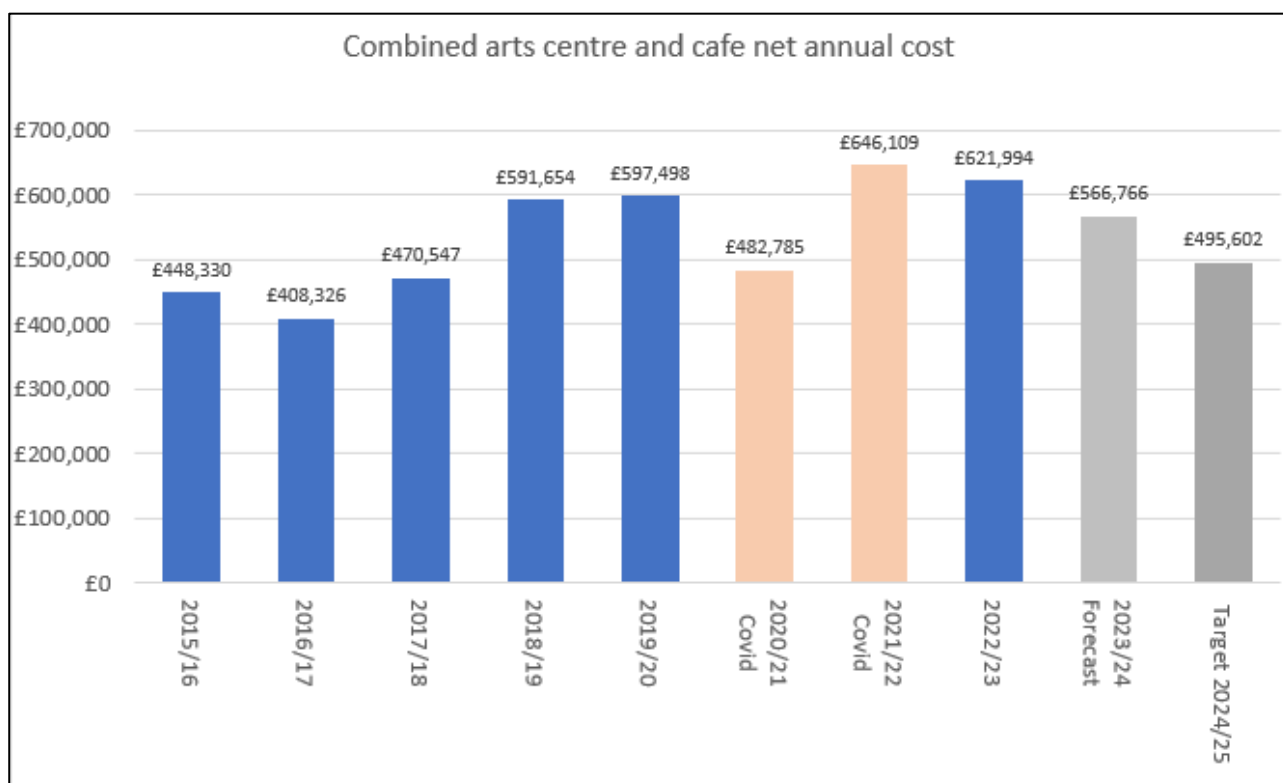


Chart 2 – Combined cost breakdown \* Café was inhouse from 2016/17

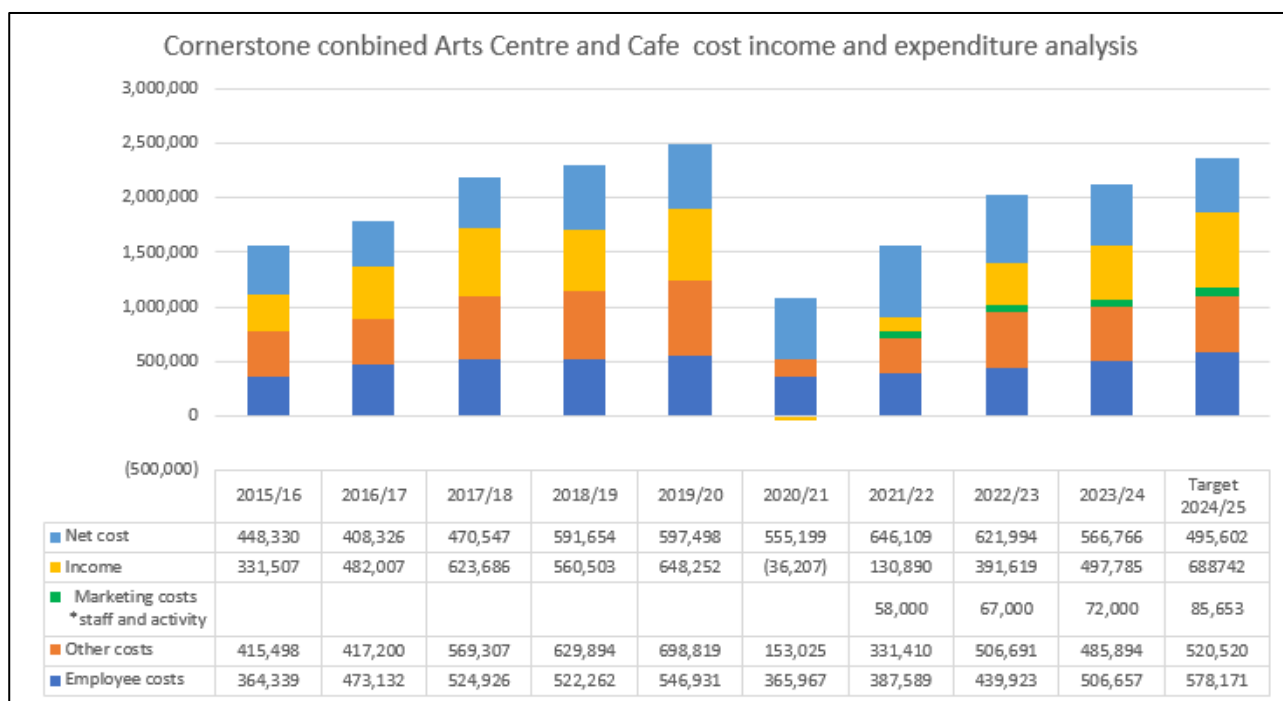


Chart 3 – Cornerstone Arts Centre-only financial performance

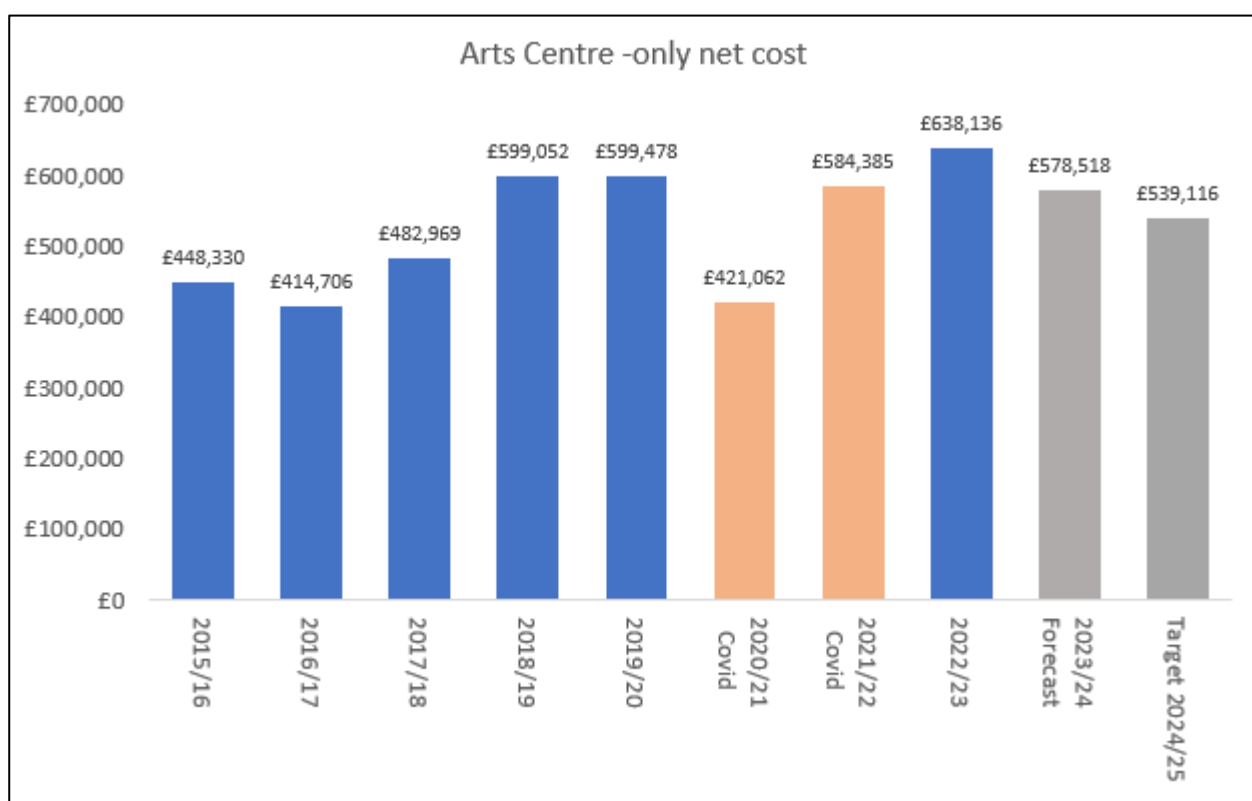


Chart 4 – Cornerstone Arts centre-only cost breakdown

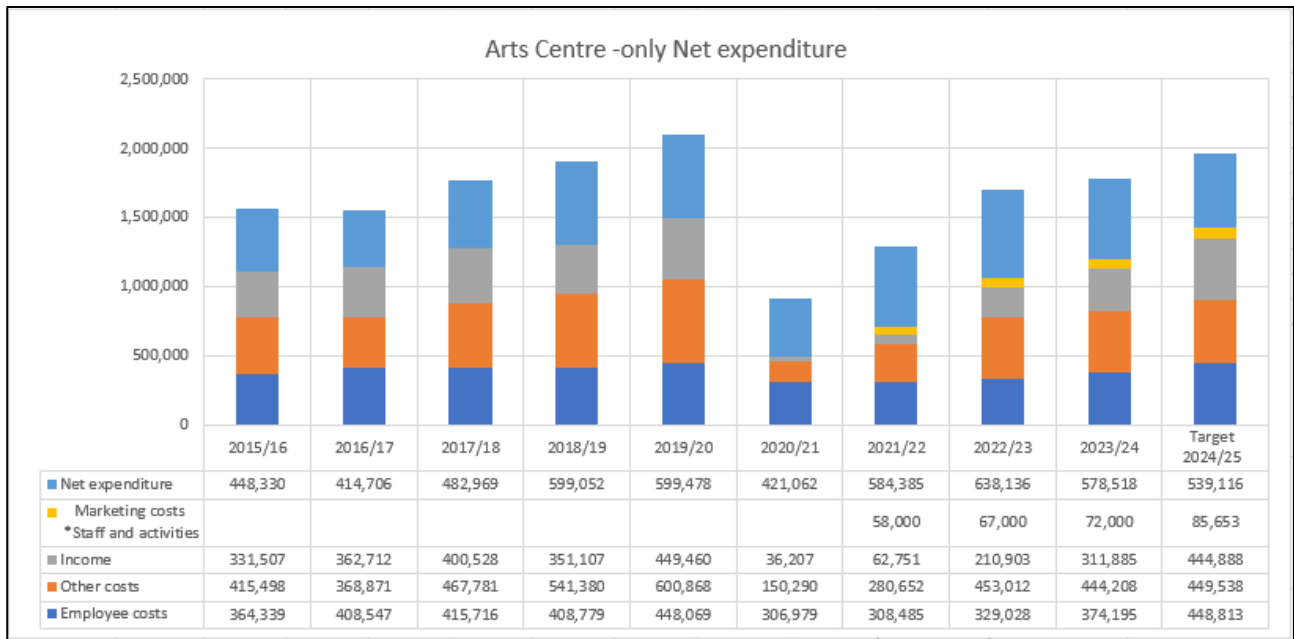


Chart 5 – Cornerstone café-only financial performance

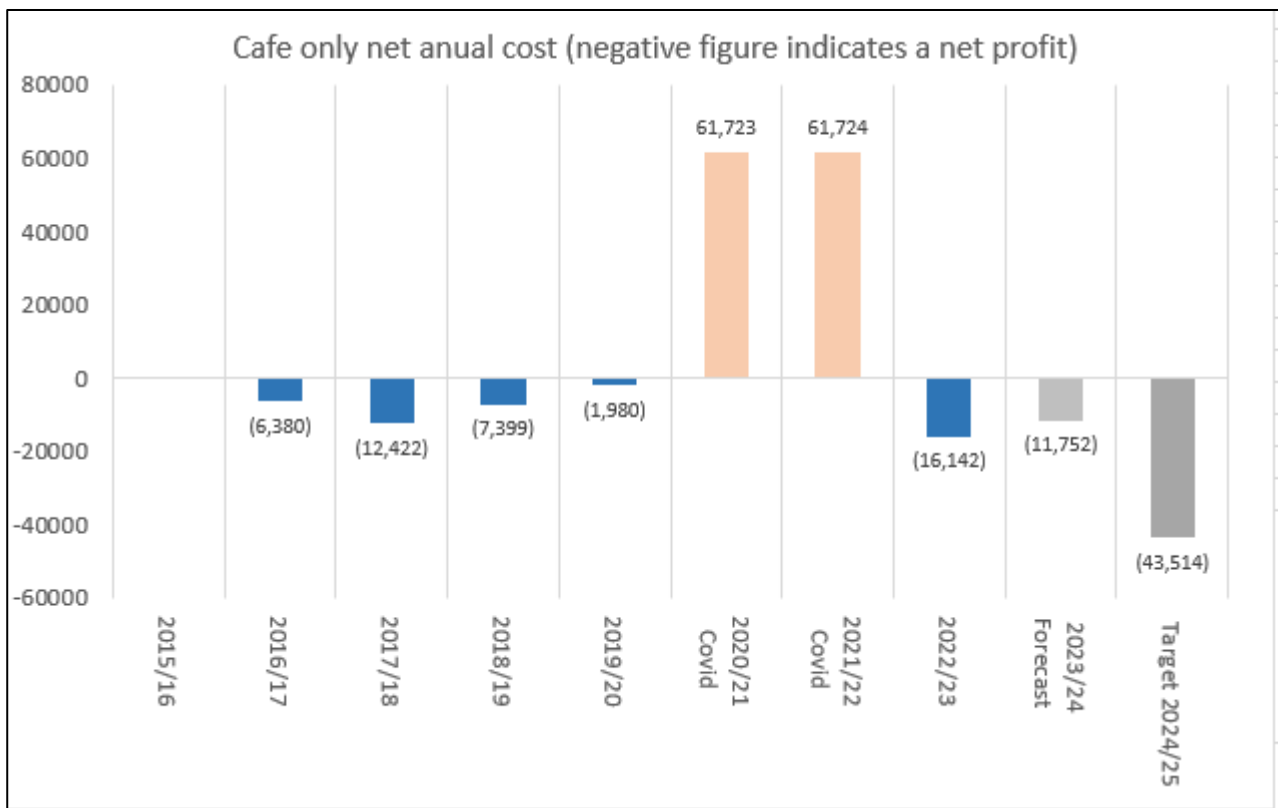
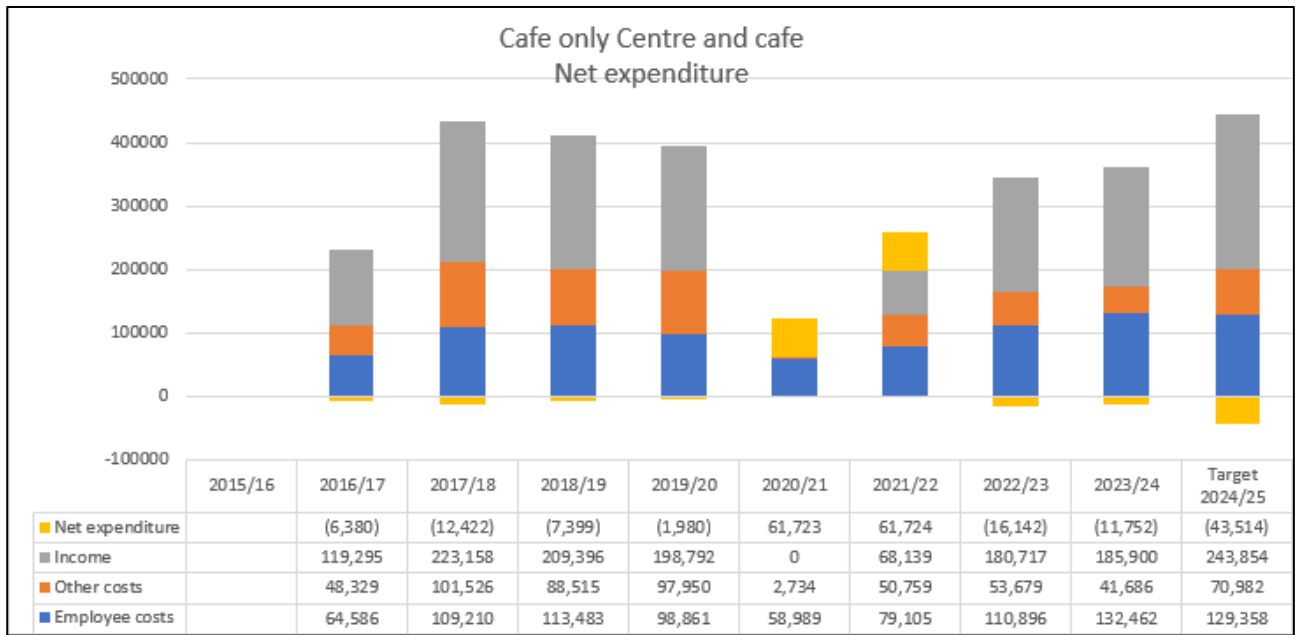


Chart 6 – Cornerstone Café-Only cost breakdown



## **Appendix 3 – Artisan property options appraisal**

### **NOT FOR PUBLICATION**

Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The public interest in maintaining this exemption outweighs the public interest in disclosing this information.

Due to the confidential nature of this report, it will not be published publicly, but will be circulated as a separate attachment to appropriate members and officers.

## **Appendix 4 – LGA/Arts Council England peer review**

### **NOT FOR PUBLICATION**

Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The public interest in maintaining this exemption outweighs the public interest in disclosing this information.

Due to the confidential nature of this report, it will not be published publicly, but will be circulated as a separate attachment to appropriate members and officers.

## Appendix 5 – Bryn Jones Associates business options appraisal

### **NOT FOR PUBLICATION**

Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The public interest in maintaining this exemption outweighs the public interest in disclosing this information.

Due to the confidential nature of this report, it will not be published publicly, but will be circulated as a separate attachment to appropriate members and officers.



## Appendix 6 – Arts Centre Development Action Plan

Ref	Objective	Activities	Outcomes	Responsibility	Measures	Estimated additional cost to implement	Complete by date
1	Launch an Arts and Culture Strategy	1. Develop a stakeholder map and explore barriers to access 2. Draft Arts and Culture Strategy to be aligned with other council policies; 3. Engagement with stakeholders including cabinet, council, DGT boards and the wider community	A clear vision, purpose and strategic direction and objectives for the council's broader Arts and Culture provision, including Cornerstone	Community Wellbeing including DGT team, Comms for engagement	Strategy agreed by cabinet	Current budget proposals include £5,000 of consultancy in existing growth bids	Within 12 months
2	Increase the leadership capacity to provide direction and development of a new vision	1. Identify resources needed, 2. recruitment/procurement of any external resources 3. development of direction/vision for Arts Centre, 4. Launch new vision.	Provide direction and the development of a new vision	Head of Communities	Resources secured and direction provided	Met by current budget proposals	Within 12 months
3	Produce a stakeholder map and extend the working group to become a strategic cross-council group, which allows all parts of the council to understand the wider benefits of the Arts	Workshop with working group to identify additional internal stakeholder, invite additional stakeholders to join the working group, work with all stakeholders to improve cohesion across services	Create buy-in from across the council to deliver the vision	Arts Centres team (and officer working group)	Working group extended, stakeholder map prepared, improved understanding of Cornerstone's benefit across the council.	Met through existing in-house resources	Within 12 months
4	Integrate Cornerstone into Didcot Garden Town Work	Establish cross council working group to deliver the action plan and feed into DGT board(s)	Improved delivery	Cross-council working group incl. DGT, Communities, Corporate Landlord	Quarterly updates to DGT public meetings	Met through existing in-house resources	Within 12 months
5	Build relationships with local groupings including town centre partnerships, business networks and education providers	Identify groups and organisations to engage with, workshops to establish links and opportunities, establish baseline performance levels to measure improvement against, identify organisations to partner with to delivery projects, including when this could open the joint project up to more external funding opportunities	Collaborative projects developed including wider funding opportunities; strong relationships with groups, schools and local organisations in place	Communities team	Improved engagement with external groups, Collaborative activities undertaken	Met through existing in-house resources	Within 12 months
6	Establish a Community Board that is fully representative of the emerging communities in Didcot and the wider district	*Linked to wider stakeholder mapping action Develop a community engagement strategy, implement community engagement strategy, establish baseline programming range to allow improvements to be measured.	To identify potential barriers to access for all communities	Arts Centres team	Links with a high proportion of communities in and around Didcot are established, improved programming to best suit their needs.	Met through existing in-house resources	Within 12 months

Ref	Objective	Activities	Outcomes	Responsibility	Measures	Estimated cost to implement	Complete by date
7	Ensure the staff and volunteer team understand the equality, diversity and needs of the local community	Identify the knowledge levels required for the team, draw up and implement a training and development plan to fill any knowledge gaps	To provide a suitably inclusive and accessible service for the community	Arts Centre Team	All staff and volunteers have completed any necessary training	Met through existing in-house resources	Within 12 months
8	Obtain specialist arts and culture resources where appropriate	1.Resource 2. Set realistic targets in terms of delivering the action plan 3. Ensure Cornerstone staffing structure is focused on income generation	Implementation of the action plan	HR, relevant HoS	Specialist resources in place and skills gap filled.	Met through existing in-house resources, potentially with up to £2,000 consultancy	Within 12 months
9	Deliver an updated artistic and cultural offer	1. Review the possibility of a curated programme using in part project funding 2. Engagement with other Arts/Culture Venues and organisations 3. Engagement with Artists to explore a hub for creative businesses 4. Develop partnerships 5. Could the cafe area deliver art/culture activities 6. Consider pivoting to meet wider health, wellbeing, educational needs and also daytime offer to family activities 7. Review the customer journey 8. establish baseline performance levels to measure improvement against	Improved programming built on the needs and desires of the community; improved relationship with artists and other art/culture providers; Improved positioning within the market and sales	Arts Centre Team	All actions implemented and positive improvement on community benefit, income generation and customer feedback	Met through existing in-house resources and/or through external funding if secured	Within 12 months
10	Improve/increase community engagement to inform review of the artistic and cultural offer	Achieved via stakeholder mapping and community board actions above, establish baseline performance levels to measure improvement against	Improved positioning within the market; improved sales	Communities with Consultation team support	Improved customer feedback and uptake of activities	Met through existing resources	Within 12 months
11	Obtain specialist marketing resources as required	Identify areas where additional knowledge or staff resources are needed, recruit/procure the resources identified, establish baselines to measure improvements following skills/time increases.	Marketing activities are showing positive impact on sales and income, marketing plans and activities are developed	HR/relevant HoS	Link between marketing and bookings/ ticket sales improved	Recruitment started	2024/25 Q1
12	Implement a Marketing Strategy/plans	1. Develop an arts marketing strategy including mapping of potential users 2. Determine a realistic budget 3. Review Website and branding 4. Address disconnects between marketing and ticketing 5. Cross promotion and upselling	Improved branding and marketing; improved signage; increase in ticket sales and memberships	Arts Centre Team, Comms	Marketing strategy adopted,	Some cost met from in-house team	Within 12 months

Ref	Objective	Activities	Outcomes	Responsibility	Measures	Estimated cost to implement	Complete by date
13	Implement a Fundraising Strategy and secure fundraising resources for Cornerstone	1. Mapping potential sources of external funding including, trusts and foundations, corporate sponsorships, memberships; council pots;2. Explore partnership bids 3. Link with marketing strategy 4. Explore friends/fundraising board	Reduction in net cost to the council	Arts Centre Staff, external bid writer,	External funding bids submitted	Strategy delivered by in house team. £21,500 to fund, 0.5FTE fundraising post.	Within 12 months
14	Maximise room/space utilisation and set occupancy targets	1. Explore co-working hub 2. Engage with co-working hub operator 3. Engage with current and prospective room hires including businesses via econ dev 4. review opening hours 5. Consider room separation for temporary or permanent occupation 6. Set Targets for utilisation	Improved income; improved social value	Arts centre team and Development and Corporate Landlord	Targets identified and being met, Positive impact on finances, appropriate works to improve useable space undertaken.	£6,000 design costs spend within 23/24 and £50,000-250,000 to implement if progressed	Within 12 months
15	Improve the Café's financial viability and levels of community benefit	1. Explore operation as a social enterprise; 2. Engage with potential independent/ 3 <sup>rd</sup> sector operators 3. Review hours of operation if cafe 4. Review Catering offer	Increased cost savings and income generation, maintain or improve customer satisfaction levels	Arts centre team and Development and Corporate Landlord	Review complete and findings reported on and actioned appropriately	Met through existing in-house resources,	Within 12 months
16	Implement updated operational procedures	1, Identify services/areas where there are operational challenges using existing corporate processes to deliver arts centre operations 2. establish review process with key officers in other teams to identify ways to improve both corporate and the centres own processes and policies to improve efficiency 3. implement new processes and monitor their impact 4 establish baseline performance levels to measure improvement against.	Improved efficiency	Arts Centre Staff	Improved working efficiency  Corporate and centre policies/ processes align better	Met through existing in-house resources,	Within 12 months
17	Improve the volunteers, friends and ambassadors' initiatives	1. Develop/review volunteering and ambassador scheme and establish baseline stats to measure improvement against 2. Consider Friends of Committee	Improved social value, community links, value for money.	Arts Centre Staff (with communities' team)	Recruitment/retention of volunteers improves, analysis of a Friends committee complete.	Met through existing in-house resources,	Within 18 months
18	Establish more robust performance monitoring and evaluation	1. Monitor performance against the strategic objectives 2. Monitor delivery of the action plan 3. Develop a daily online/in person Customer feedback system 4. Run annual survey 5. introduce KPI's for service delivery and regularly report on performance	Ongoing service improvement; foundation for future options appraisal and funding applications	Arts Centre Staff (with Corporate Plan Reporting team)	reporting to interim board	Met through existing in-house resources.	Within 18 months

Ref	Objective	Activities	Outcomes	Responsibility	Measures	Estimated cost to implement	Complete by date
19	Deliver the approved decarbonisation project	1.Procure relevant contractors Delivery of works Establish baseline performance levels to measure impact of works	Carbon savings, establish new baseline	Corporate Landlord	Project completed, improved energy efficiency	Met by existing project budget allocated for works	Within 18 months
20	Subject to future funding, undertake works to allow separation of the Cafe area	1. Develop project scope 2. allocate capital budget 3. procure relevant contractors	Works undertaken to allow the café to open separately to the rest of the building	Arts Centre Team with Development and Corporate Landlord	Options identified and where appropriate actioned.	Incorporated within the cost of action 14	Within 18 months
21	Implement pricing changes following a full review	1. Review ticket pricing, memberships, and room hire pricing 2. consider competitors and other SODC facilities 3. discount approach and donating spare tickets to VCSOs to generate social value	Improved market positioning, improved income generation, improved social value, continuing a range of pricing options that are affordable for different elements of the community	Finance and Arts centre team	Revised pricing rolled out. New pricing policy in place.	Met through existing in-house resources,	Within 18 months
22	Work with Economic Development to establish a Social Value Calculator and targets for Cornerstone	Explore The use of social value calculator	Improved measurement of impact	Communities Team	separate service value from operational costs	Met through existing in-house resources,	Within 18 months
23	Assess the impact of changes made and long-term service models for Cornerstone, including the continuation of an inhouse service	1. produce an options report considering transitioning Cornerstone into a trust, external operator or retaining in house management 2. Cabinet and council to make a decision on options	Greater focus and cohesion	Cabinet and Council	Full council decision in place	Met through existing in-house resources subject to capacity.	April 2026 (latest)
24	Consider the councils ongoing financial commitment to Cornerstone	1. Review financial impact of actions completed 2. Work with Finance to develop detailed and updated financial forecasts 3. Update and expand financial models for alternative operating models for comparison	Improved financial forecasting	Finance	MTFP reflects agreed financial commitment	Met through existing in-house resources subject to capacity.	TBC pending outcome of action 24