

Record of Cabinet portfolio holder decision

Local Government Act 2000 and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Decision made by	Cllr Anna Badcock
Key decision?	No
Date of decision (same as date form signed)	
Name and job title of officer requesting the decision	Emma Dolman Arts Centre Director and Arts Manager
Officer contact details	Tel: 01235 515131 Email: emma.dolman@southandvale.gov.uk
Decision	To approve the Cornerstone five year business plan 2016/17-2020/21 and the transfer of £50,000 from the provisional capital programme to the approved capital programme to provide a budget for bringing the café bar operation in-house.
Reasons for decision	<p>Cornerstone is the purpose-built arts centre in Didcot owned and funded by the council. An independent consultancy carried out a business review of Cornerstone in Q3 of 2015/16 and this review stated that Cornerstone was performing well - above national average in its programme gross profit – and was well respected by those who used it. The review recommended areas where Cornerstone could develop and increase awareness and usage of the venue still further.</p> <p>The council currently funds Cornerstone some £460,000 a year, which has remained largely static for seven years despite inflation and increasing overheads. The council is aware of significant financial pressures in five years' time and, therefore, is considering closely all options to reduce costs and increase income. Therefore, cabinet members charged Cornerstone officers with producing a business plan that would lower the amount of subsidy required by the venue by at least five per cent year on year for five years.</p> <p>The Cornerstone five year business plan sets out how officers aim to achieve a reduction in subsidy based on growing all areas of the Cornerstone business:</p>

- performance programme – increasing footfall, profit margin and, in time, number of shows presented
- courses and workshops programme – increasing profit margin, number and range of classes presented, and securing increased external funding
- exhibition and retail programme – increasing range and sales, increasing fees to exhibit
- café bar – bringing the café bar in-house* to increase control, quality, footfall and profit
- long-term rental of space – initially rental of Chalk room to a commercial gallery
- short-term hiring of space – increasing business usage.

*The business plan identifies upfront funds needed outside of the revenue budget to bring the café bar in house – purchase of café bar equipment to operate (currently provided by the commissioned caterer); literature collateral, press and PR to ensure successful launch and costs associated with recruiting café bar personnel. Officers recommend that the cabinet member for the arts agrees to transfer £50,000 from the provisional capital programme to the approved capital programme to provide a budget for bringing the café bar operation in-house.

These developments to the business sit alongside developing a dynamic strategic and tactical marketing plan taking in technological tactics to grow the customer base.

The business plan is based on detailed developments of the six areas of business and the figures returned in the profit and loss forecasts are based on actual projections. Cornerstone officers are aware that at least five per cent savings must be achieved year on year for each of the five years and our aim will be to overachieve against this.

Cabinet members suggested that there should be a further review of progress in two years' time, after the 2016/17 and 2017/18 budget closedowns.

The Cornerstone business plan also sets out that officers will:

- carry out an operational review to determine the best structure to deliver the business plan successfully and actions needed to ensure the correct personnel are in post
- carry out process mapping to ensure that our processes are as efficient and effective as possible
- determine what extra skills are needed on the Cornerstone advisory board and create job descriptions

	<p>and a recruitment process in order to secure these skills.</p> <p>Officers recommend the cabinet member for the arts to approve this business plan, and to encourage the Cornerstone team in its efforts to exceed its savings target.</p>
<p>Alternative options rejected</p>	<p>Cornerstone could continue with the current level of subsidy, which would maintain the current arts offer, but would not achieve any savings on an ongoing basis.</p> <p>Alternatively, the subsidy could be reduced significantly, which would reduce the venue's arts offer radically, or the subsidy could be removed completely, which would result in the loss of an arts offer in this growth area, and some ongoing costs unless another use could be found for this specialised building.</p> <p>Garden city Culture paper</p>
<p>Legal implications</p>	<p>The bringing of the café bar operation in house may give rise to legal implications but that these are not seen to be insurmountable by our legal officer.</p> <p>There may need to be agreements about transfer of equipment and TUPE can sometimes have legal implications. The new café operation and fit out is likely to give rise to some legal aspects such as the fitting out contracts. But we will be working with our legal officer in advance on these as part of our full implementation plan.</p>
<p>Financial implications</p>	<p>The revenue implications of this business plan are that Cornerstone would aim to increase its income year on year for five years, resulting in the subsidy reducing from some £466,000 in 2015/16 to some £360,000 in 2020/21. This would result in a saving of some £311,000 subsidy over the five years, compared to if the subsidy had remained the same for this period.</p> <p>The capital cost to deliver this business plan is some £50,000 related to up-front costs to bring the catering in house (service fit-out and equipment, press and PR to ensure footfall for new operation, design and print of menus, etc., upgrade to space). The budget for this would be transferred from the capital contingency budget in the provisional capital programme to the approved capital programme. The council would lose interest of £250 a year (assuming an average rate of return of 0.5 per cent) by spending this money rather than investing it as it does at the moment. If the authority wished to replenish the reserves over the planned life of the scheme (five years), then the revenue cost of this scheme would increase to £10,160 per year.</p>

Other implications	The profit and loss forecast relies on the general catering staff being paid the national living wage of £7.20 per hour plus on costs, or the lower 'minimum wage' rates for workers under 25 plus on costs, which would ensure also that we were fully legally compliant. These are lower than the living wage rate, which is currently £8.25 per hour and which the council pays to employee (but not casuals). If TUPE'd over staff or new staff were employees rather than casuals the council would still be legally compliant but SMB would need to consider whether it wanted to publish a change to the current pay statement.			
Background papers considered	Cornerstone five year final draft business plan 2016/17 – 2020/21			
Declarations/conflict of interest? Declaration of other councillor/officer consulted by the Cabinet member?				
List consultees		Name	Outcome	Date
	Ward councillors	Margaret Davies Anthony Dearlove Anthony Nash Steve Connel Tony Harbour Bill Service Alan Thompson Margaret Turner	No comments or queries	Date sent 19.04.16 – no comments by 24.05.16
	Legal	Deirdre Smith	Approved	21 April 2016
	Finance	William Jacobs	Approved	6 April 2016
	Human resources	Mark Gibbons	Approved	20 April 2016
	Sustainability	Heather Saunders	Approved	27 April 2016
	Diversity and equality	Cheryl Reeves	Approved	27 April 2016
	Communications	Gavin Walton	Approved	26 April 2016
	Strategic Management Board	David Buckle	No further comment or query	Date sent 19.04.16 – no comments by 24.05.16
Confidential decision? If so, under which exempt category?	No.			
Call-in waived by Scrutiny Committee chairman?				

Has this been discussed by Cabinet members?	Yes
Cabinet portfolio holder's signature To confirm the decision as set out in this notice.	Signature _____ Anna Badcock _____ Date _____ 27.05.16 _____

ONCE SIGNED, THIS FORM MUST BE HANDED TO DEMOCRATIC SERVICES IMMEDIATELY.

For Democratic Services office use only		
Form received	Date: 27 May 2016	Time: 15:08
Date published to all councillors	Date: 31 May 2016	
Call-in deadline	Not applicable	