

Report to Community Overview and Scrutiny Panel

Agenda
Item:

A.4

Meeting Date: 31st July 2014
Portfolio: Culture, Leisure and Young People
Key Decision: Yes: Recorded in the Notice Ref: KD.10/14
Within Policy and Budget Framework YES
Public / Private Public

Title: ARTS CENTRE BUSINESS PLAN
Report of: The Deputy Chief Executive
Report Number: SD14/14

Purpose / Summary:

The proposed Business and Operating Plan for the Old Fire Station from 2014-17 was presented to Carlisle City Council's Executive on 23rd June 2014. Both the plan and covering report as submitted to Executive are attached to this report.

At the meeting of Executive it was agreed to refer the plan to both the Community and Resources Overview and Scrutiny Panels to seek their comment and input.

Recommendations:

It is recommended that the Community Overview and Scrutiny Panel consider the Business and Operating Plan for the Old Fire Station and provide feedback to the Executive on its proposals.

Tracking

Executive:	23/6/14 & 18/8/14
Overview and Scrutiny:	31/7/14
Council:	

Report to Executive

Agenda
Item:

Meeting Date: 23rd June 2014
Portfolio: Culture, Health, Leisure and Young People
Key Decision: Yes: Recorded in the Notice Ref:KD
Within Policy and
Budget Framework YES
Public / Private Public

Title: BUSINESS PLAN - ARTS CENTRE
Report of: The Deputy Chief Executive
Report Number: SD12/14

Purpose / Summary:

This report presents the proposed business and operating plan for the Old Fire Station Arts Centre.

It outlines the operating approaches to the various business areas and functions within the centre, and provides financial projections for the initial three years of operation. It is intended to demonstrate the viability of operating the Old Fire Station as a dedicated Arts Centre within the revenue budgets currently allocated.

Whilst the capital programme is now underway this plan lays out the proposed arrangements for operating and developing the new facilities and programme.

Recommendations:

Executive are asked to:

- (i) Consider and make comment on the proposed business and operating plan for the Old Fire Station.
- (ii) Refer the plan for consideration by both the Community and the Resources Overview and Scrutiny Panels.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

1. BACKGROUND

- 1.1** The Old Fire Station on Warwick Street, Rickergate, was approved as the preferred site for the development of an Arts Centre in Carlisle by the City Council's Executive in August 2013.
- 1.2** At the same Executive meeting, authority to prepare and develop the building as a dedicated Arts Centre was delegated to the Portfolio Holder Culture, Health, Leisure and Young People in consultation with the Director of Community Engagement.
- 1.3** Carlisle City Council's Capital Programme for 2014/15 (approved as part of the Council's budget in February 2014) includes provision of £1,055,000 for the capital works and redevelopment of the building.
- 1.4** A local design and build team has been successfully procured and a proposed physical design has been developed.
- 1.5** The scheme was presented to the City Council's Planning Committee in April 2014. Members resolved to give authority to the Director (Economic Development) to issue approval for the proposal subject to undertaking further discussions with the Ministry of Justice to agree the imposition of additional conditions to address their concerns about the impact of the proposed arts centre on the operation of the courts.
- 1.6** Throughout Autumn and Winter 2013/14 a pilot programme has been running at the Old Fire Station to test the space as an Arts Centre, investigate different approaches to management, and explore market demand from audience members and performers / building users.
- 1.7** This report presents a proposed business and operating plan for the Old Fire Station Arts as an Arts Centre. It has been produced to reflect the lessons learned from the pilot programme and is designed to provide a viable model to operate the Old Fire Station as an Arts Centre within existing budgetary projections.

2. PROPOSALS

- 2.1** The proposed business and operating plan for the Old Fire Station as an Arts Centre makes a range of proposals and assumptions which are detailed fully within

the plan itself. The key proposals can be summarised by the operating principles outlined within the plan. These state that the Old Fire Station Arts Centre should:

- Maximise opportunities for local promoters and artists to stage performance, exhibitions and events via licence and booking procedures
- Directly promote commercially viable content to maximise revenue return
- Ensure a balanced and varied programme giving support to less commercially viable art forms (via subsidised access agreements, increased support 'in kind', or limited direct subsidy / loss absorption)
- Minimise the City Council's direct costs and overheads to ensure sustainability
- Let (via concession) functions that the council is not well placed to deliver (e.g catering). But ensure any such package also helps support the wider operation of the Old Fire Station (i.e ticket sales, front of house etc) and provides an incoming revenue stream for the Old Fire Station
- Develop a bank of qualified part time and casual stewards, front of house, and technical staff, which can be drawn upon by all promoters including the Council
- Support the creative industries and deliver incoming revenue via letting office, workshop or studio lets
- Give consideration to developing externally grant funded arts programming while not becoming reliant on such entities or external support and subsidy
- Work with other key partners such as Carlisle College and the University of Cumbria to provide work training and development opportunities

3. CONSULTATION

- 3.1** The business and operating plan has been developed following ongoing discussion and consultation with a range of artists and arts groups as part of the pilot programme held over the Autumn and Winter of 2013/14.

Informal discussion and consultation has also been ongoing with a wide range of other existing and potential Old Fire Station users and stakeholders during the period of the pilot programme and has been reflected in the operating principles outlined above.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1** The pilot programme at the Old Fire Station has demonstrated real market demand for a mid-size arts centre within Carlisle. It has shown that the Arts Community themselves can proactively offer support for such a facility, if they are provided with

the right platform. In doing so, they also offer a significant boost to the long term sustainability of such an Arts Centre.

- 4.2** By necessity the pilot programme saw a low cost, flexible operating model emerge which has proven to be successful and sustainable within limited budgetary provision.
- 4.3** The principles of this approach have been refined within the business and operating plan presented in this report, and used to make financial projections based on known market data and take up and usage during the pilot programme. These financial projections have been deliberately conservative but still show that the Arts Centre could sustainably operate within proposed budgetary provision.
- 4.4** The proposed business and operating plan for the Old Fire Station therefore presents a low-cost start up proposal for an Arts Centre, operating within proposed budgetary provision. On that basis it is recommended for approval by Executive.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1** 'We will develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle'

Contact Officer: Darren Crossley

Ext: 7004

**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

Governance – The proposed business plan will require a suite of contracts with a variety of persons/companies engaged to provide the various services which will be needed to deliver the activities the Council wants in its Arts Centre. Approval of a robust business plan is part of the Council demonstrating that it is fulfilling its fiduciary duty to safeguard and properly use public funds. All of the contracts must be properly recorded and procured in accordance with the Council's Contract Procedure Rules.

Local Environment –

Resources - There is a recurring budget provision of £159,000 allocated within the Council's revenue budget from 2015/16 to fund the on-going operational costs for an Arts Centre within the Old Fire Station. The proposals set out within this business plan, taking into account the assumptions on costs, income and potential usage is broadly in line with this budgetary provision.

The Council's procedures on External Funding and Partnership working should be adhered to and compliance with the Contract Procedure Rules for the procurement of any services or concessions is necessary, where applicable.

The staffing structure including job descriptions will need to be considered by HR Services and be subject to the job evaluation process in order to determine the appropriate salary grades for the posts.

The 2014/15 capital programme includes provision for the design and build of the Arts Centre totalling £1,055,000; commencement of the build is subject to receiving the appropriate planning consents.

old fire station **arts centre**

**3 Year Business and Operating Plan
2015 - 2018**

Old Fire Station
Business and Operating Plan

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1.0 Introduction

The development of the Old Fire Station as a dedicated Arts Centre for Carlisle presents a significant opportunity to greatly improve the arts and cultural offer in the city. It will open up new opportunities and experiences to residents and visitors alike, and fill a long standing 'gap' in Carlisle's arts 'landscape'. It presents an exciting and dynamic project that has the potential to bring together people of all ages and backgrounds.

However, the Old Fire Station is being established at a challenging time for the public sector generally and local authorities specifically. It is an equally challenging time for national and regional arts funders; and for professional, third sector and voluntary arts groups and individuals. But it is entirely possible for the Old Fire Station to succeed against this backdrop.

Ultimately the purpose of this business plan is to establish the Old Fire Station as a viable operation at the point of opening, and then on through the initial years, providing a suitable model and platform for long term sustainability.

To ensure that the Old Fire Station thrives in its initial years will take innovation and creativity of thought in terms of how such a facility could or should operate. This business and operating plan proposes a challenging and radical approach for both the City Council and the Arts Community in Carlisle. It will require both to rethink traditional approaches and attitudes to access and ownership of facilities, as well as to the roles and responsibilities they individually hold.

The pilot programme held over the winter months of 2013/14 has shown just what is possible when local artists, promoters, students and volunteers are encouraged and supported to pursue their own artistic endeavours and content. The programme has been varied, dynamic and popular. Crucially it has been delivered with very limited financial input from Carlisle City Council and with an ever growing and articulated sense of engagement with, and ownership of the venue by its users and patrons.

There will always be a role for the City Council to support less commercially viable arts forms and to promote and commission performances directly at the Old Fire Station (both to ensure a balanced artistic programme and to generate revenue). But the pilot programme has shown there is also considerable value in the City Council offering the necessary support and infrastructure ... and then 'getting out of the way'. The Arts Community has demonstrated how innovative and enterprising they can be outside of the constraints of more traditional relationships.

This business plan depends to a large extent on a model of more open and flexible access to the facility for individual artists and promoters. In return it will require greater responsibility and input from them. In essence the City Council will directly manage and promote only a limited amount of content within the Old Fire Station, alongside this it will facilitate arts development and support local promoters and artists to stage their own events.

Such an approach is certainly not without risk to the City Council, the programme will be less 'designed' or 'constructed', content may be more ad-hoc, and there will be varying degrees of success and failure for individual endeavours.

But the approach will also dramatically reduce the operating costs, overheads, and financial risk exposure typically associated with running and promoting a subsidised arts venue in more traditional public sector models.

Even more importantly, by encouraging ownership, responsibility and positive input from all major stakeholders the Old Fire Station can become 'Carlisle's Arts Centre' rather than 'Carlisle City Council's Arts Centre'. As such the proposals are in keeping with the vision for an arts centre run by, and for, the arts community and people of Carlisle.

2.0 Mission Statement

Consultation and engagement with stakeholders during the pilot phase (Winter 2013/14) has included discussions with various City Council Members; Arts Groups and Individuals; the Old Fire Station's pilot users (and potential future users); and visitors and customers at events. These discussions produced a number of recurring themes, all of which were in keeping with the key drivers behind the initiation of the Arts Centre project.

These key points have included:

- A desire for community ownership – the concept that it should be considered 'Carlisle's Arts Centre'.
- A desire to see the Old Fire Station support economic development in the locality and the city.
- A desire to retain at least some degree of Carlisle City Council support input and influence on the management of the facility and the programming.
- A desire to establish the Arts Centre on a sustainable basis - safeguarding its future in the longer term.
- A desire to draw on local experience and talent – both artistically and managerially.
- A desire to create a vibrant, dynamic venue that attracts and helps to keep young people in Carlisle
- A desire to create a venue and programme that attracts professional acts while still nurturing and developing local artistic talent.
- A desire to create a venue that promotes equality and diversity and access to arts for all.

These key points have been used to draft the 'Mission Statement' for the Old Fire Station. This Mission Statement should inform and shape all management and governance arrangements.

It has therefore been central to the development of this business plan, and it should remain as the principle guidance for decision making and business planning for the Old Fire Station in the longer term.

The Old Fire Station's Mission Statement:

"The Old Fire Station Arts Centre will seek to provide exciting opportunities for residents and visitors to Carlisle to engage in a wide and vibrant range of high quality arts events both as audience and participants.

It will help nurture and develop additional local artistic talent and performers as well as provide an alternative venue to attract artists and entertainers of regional and national significance.

It will support the local arts economy by providing a home for emergent creative industries and professionals. It will support the wider economy by complimenting existing local business offers.

It will draw on local knowledge and experience within the arts and its primary purpose will be to improve the quality of life for the people of Carlisle by enhancing the arts and entertainment offer within the City.

It will provide a welcoming and energetic venue to socialise and will remain a multi-use and multi-purpose venue for the people of Carlisle focussed firmly on, but not limited only to artistic endeavours, education and entertainment.”

3.0 Governance and Operations

The facility will remain Carlisle City Council’s property and the formal governance and ultimate responsibility for the Old Fire Station will be vested in Carlisle City Council.

The Council will control and account for the finances of the venue and ensure that the building (and its operations) meets legislative, statutory and regulatory requirements.

The co-ordination and general management oversight (at least during the initial period of this Business Plan) will be provided by the Contracts and Community Services function at the City Council. Relevant professional expertise and support will also be drawn from across the City Council establishment.

An Arts Centre Stakeholder Board will be established with representation from across the Arts Community in Carlisle. This will include Carlisle City Council; other Public Sector bodies; Arts Groups and Agencies; Promoters; and other key stakeholders (including those outside the Arts field where appropriate). This group will be Chaired by the City Council’s Portfolio Holder for Culture, Leisure, and Young People

The Stakeholder Board will not be a formal decision making vehicle for the Old Fire Station as such, but it will provide a platform for influence and discourse on its operation. Its purpose will be to help advise on both the artistic programme and the general direction of the Old Fire Station. It is envisaged that over time this group may also support the development of other cultural activity and events in the district.

A Working Group of relevant City Council Officers will also be drawn together to review the proposed programme and activities on a rolling basis. This will ensure that the building and its operation (including usage by private and independent artists and promoters) satisfies all legislative, statutory and regulatory requirements. This group will be Chaired by the Contracts and Community Services Manager and will draw representation and advice from relevant officers regarding Health and Safety, Legal, Licencing, Finance and Insurance, Event Management and Marketing and Communications.

Specific approaches to the different key business areas and functions within the Old Fire Station are explained later in this business plan, but the following broad operating principles are intended to shape the operating model for the Old Fire Station:

Old Fire Station Operating Principles

- Maximise opportunities for local promoters and artists to stage performance, exhibitions and events via licence and booking procedures
- Directly promote commercially viable content to maximise revenue return
- Ensure a balanced and varied programme giving support to less commercially viable art forms (via subsidised access agreements, increased support 'in kind', or limited direct subsidy / loss absorption)
- Minimise the City Council's direct costs and overheads to ensure sustainability
- Let (via concession) functions that the council is not well placed to deliver (e.g catering). But ensure any such package also helps support the wider operation of the Old Fire Station (i.e ticket sales, front of house etc) and provides an incoming revenue stream for the Old Fire Station
- Develop a bank of qualified part time and casual stewards, front of house, and technical staff, which can be drawn upon by all promoters including the Council
- Support the creative industries and deliver incoming revenue via letting office, workshop or studio lets
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- Work with other key partners such as Carlisle College and the University of Cumbria to provide work training and development opportunities

4.0 Market Potential

In terms of the Carlisle market, there is clearly independent promotion going on within existing available facilities. The Brickyard, College and University are all active in their own ways; the West Walls Theatre is home to non-professional theatre; Carlisle's pubs and clubs support some live music and limited comedy; touring theatres and arts groups make use of Community Centre's and other venues; and the Sands has a significant offer of mainstream large-scale touring entertainment, and is the venue for the Arts Council England funded subscription concert series.

However, none of these are considered to diminish the potential, in a significant regional city, of a well-planned and operated mid-scale mixed programme arts and entertainments venue.

Carlisle has a recognised weakness in 'mid-scale' arts and entertainments venues compared to other regional cities and large towns. While the programme will need to take full account of Carlisle's existing offer, including key venues Tullie House, the Brickyard, West Walls Theatre, Stanwix Theatre and the Sands (as well as events such as the long-standing Blues Festival, and newer initiatives like Carlisle Music City), there is still potential to feed latent and currently unmet demand.

While it can be extremely difficult to make direct comparisons (cities and populations are unique, and audiences are usually 'grown' or developed over time), similar size regional cities are generally supporting one (or more) mid-size arts centres or arts and entertainment venues.

These usually sit alongside amateur or small scale theatres, the offer of smaller scale pubs and clubs, and larger dedicated entertainment venues (concert halls etc). Similar scaled mixed-use venues are operating commercially viable programmes in other areas with varying degrees of subsidy and in some are privately operated and entirely self sustaining.

The Arts Council's Market Area Profile and Area Segmentation Profile both provide a source of evidence on market composition and potential and will be used to directly shape the programme for the Old Fire Station as well as inform the marketing strategy.

The pilot programme which ran from October 2013 through to May 2014 has already provided evidence of significant market demand for the scale and type of programme proposed for the Old Fire Station.

Key market intelligence lessons provided by the pilot programme include:

- The large scale ticketed Comedy Evenings achieved very high ticket sales. The first event completely sold out with 220 people attending. The second event had 178 people attending.
- Three of the four main exhibitions hosted during the pilot phase attracted in excess of 100 attendees on their opening nights (the fourth was intended to be a much smaller scale exhibition but still attracted in excess of 60 attendees).
- In total, the two largest exhibitions ('Sirens' and 'Luck of Edenhall') attracted 446 and 500 people respectively during their runs; the 'Interfusion' and Carlisle Photography Collaboration exhibitions attracted in excess of 200 in total; and the giant Scalextric installation attracted over 300 people in a single day.
- Ticket sales for the Stuart Maconie event totalled 160.
- Workshop / Classes reporting increased footfall / attendance (as compared to other venues they utilise)
- Privately promoted events reporting commercially viable or 'break-even' sales
- High levels of enquiries from existing users (and new users) as to availability of space and hire rates post refurbishment
- Numerous project proposals and enquiries from promoters pre-submitted for the Old Fire Station post-refurbishment
- Significant unsolicited expressions of interest regarding any catering opportunity
- High enquiries as to commercial letting opportunities from within (and outside of) the Creative Industries sector.

5.0 Programming

In order to make a real long-term impact, build audience quickly and really grow Carlisle's offer, the Old Fire Station will be programmed in a dynamic and collaborative way from the outset.

Its three main spaces – the Engine Room, and the two first floor studio spaces - will be each programmable for public performance as well as workshop, rehearsal and commercial use (when available). Other workspaces will lend themselves to exhibition, workshop, rehearsal and meeting use.

A realistic range of programme areas will include:

- Rock, folk, blues, jazz, genres of world music
- Smaller scale classical music, chamber music, choral music
- Professional medium/small-scale touring theatre
- Comedy

- Contemporary dance
- Literature programming, including authors in performance
- Digitally-based film programme mixing “quality” films, arthouse films, niche independent films, second-run commercial films, themed programmes and local film and multi-media product
- Visual arts and craft exhibition, in main spaces and smaller ones, and including live art, installation and digital product
- A thread of ‘Discourse’ and ‘Current Affairs’ programming
- Other available, appropriate light entertainment

It will offer a focus for disability arts and the work of disabled artists, and seek to reflect the cultures of minority ethnic communities. It will offer a strong, regular and sustained participatory arts programme drawing from across Carlisle’s communities, with a clear focus on quality work with children and young people. It will also include College and University student exhibitions, installation and showcase performance. It may well also include use by dance and stage schools.

In short, the intention will be to develop and sustain a range of activities which can feed off each other and build a strong identity and loyalty to the project from the start.

The primary focus at the Old Fire Station will be to support independent promoters and artists to develop and stage their own productions and events. Carlisle City Council (via the Arts Development Officer) will review submissions and proposals, and the Old Fire Station Stakeholder Board will over-see programme content. This will ensure a broadly balanced and more cohesive programme, and one which is inline with the vision for the Arts Centre. Independent promotions will be undertaken under licence with all promoters and artists responsible for all elements of their events.

Where it directly promotes and manages content, the City Council will focus jointly on commercially viable / higher yielding entertainment and productions (to maximise revenue stream); and art forms and content where there is an apparent programme omission or emergent arts forms to ensure a balanced programme.

Carlisle City Council will seek direct Arts Council support to widen the content mix in such a way, thereby developing audiences for less commercially viable content and ensuring a challenging and artistically varied programme. Carlisle City Council will also support Arts Council applications from individual artists whose endeavours will add artistic breadth and vibrancy to the programme via in-kind match funding / waived hire fees.

6.0 Room Hire and Lettings

Outside of time allocated within the Old Fire Station’s artistic programme, the main auditorium, Studios 1 and 2, and a smaller workspace area will all be available for private hire.

It is envisaged that this will include a range of artistic endeavours (rehearsal time, creative workshops, and commercial arts ventures such as private dance / theatre schools etc). Demand has been demonstrated across the pilot programme for such private hires and enquiries continue to come in from local arts organisations.

Room hire will also be made available for and marketed towards non-artistic endeavours, with the range of spaces being equally suited for meetings, conferences and private parties / celebrations.

Room hire will be scheduled and managed by Carlisle City Council's Arts Development Officer. The overall aim will be to maximise usage of the building, increasing footfall and revenue streams, outside of the artistic programme. It is envisaged that the Old Fire Station will operate a 'digital by default' policy for bookings from day one.

The developed plans also make provision for studios / office spaces. It is proposed that these are leased out to creative industry entrepreneurs and arts professionals. These lease hold lettings will be managed by Carlisle City Council's property team. The rate included within the financial projections of this business plan includes all core costs, but remains at a subsidised level for the first three years as a support measure for creative start-ups. However it still presents a revenue generating opportunity for the Old Fire Station. The additional provision of ancillary services (printing, room bookings for meetings etc) offers the opportunity to further increase revenue return.

7.0 Catering

The catering offer traditionally presents one of the major revenue streams for arts centres and venues.

However, the staffing of these facilities (with personnel required for the most part of the day, every day) also represents a significant cost. In the context of the proposed operating model for the Old Fire Station, this would dramatically increase overheads and take Carlisle City Council into a trading area it is less familiar with.

The catering provision will therefore be provided via a concession agreement, with an external provider invited to provide the whole catering offer within the Old Fire Station on a profit share basis.

The Arts Centre should be a place where people are keen to come and socialise and the catering offer will be critical to this. The successful bidder will therefore be asked to demonstrate an approach that satisfies the basic demands of providing refreshments at performances and events, but also creates a menu and customer experience that acts as a draw in its own right.

The caterer will also be expected to buy into the ethos and vision for the Arts Centre, providing a degree of activity (via 'open mic' nights etc, and or directly promoting events themselves)

Finally, the concession arrangement for the catering opportunity will also see the successful bidder acting as the only staff on the ground at the Old Fire Station for considerable periods of time. They will therefore be required to undertake other core functions including providing advice and information on facilities and events, general customer service and the sale of tickets for events on site (all of which is complimentary to their own business drivers).

8.0 Marketing, Communications and Ticketing

The Old Fire Station has already established a branding and identity during the pilot phase which has been well received and effective. This will be retained to maintain the recognition and awareness of the centre that has developed during the pilot programme.

A dedicated marketing strategy will be developed, linking the known and potential audience for the Old Fire Station (drawn from the Audience Segmentation Profile) and the programme content. It will articulate the specific approaches to event promotion, advertising, direct marketing, media management and social media profile.

A separate web presence for the Old Fire Station will be initially developed during the capital phase to help promote the Old Fire Station programme in advance of opening and drive ticket sales for the opening events. The capital costs of continuing this development work have been reflected in year one of the financial projections with ongoing maintenance reflected in subsequent years.

Marketing and promotional protocols relating to all third parties (including the caterer concession holder and independent artists and promoters) will be agreed and enshrined in contractual relationships and licences. This will help to establish and ensure a consistent identity and public profile for the Old Fire Station despite the disparate nature of service delivery.

Ticketing will initially be delivered via an online third party host which ensures no costs to the Old Fire Station (an online booking fee is passed on to customers), with ticket sales in person also handled via the Tourist Information Centre and the Caterer at the Old Fire Station. There is potential to develop online and in person sales of other Old Fire Station merchandise, this will be explored during the lifespan of this business plan.

9.0 Building Management and Maintenance

The Old Fire Station will remain a wholly owned and maintained facility within Carlisle City Council's portfolio. Planned and reactive maintenance will be scheduled and managed by the City Council's property team (as part of the Council's wider maintenance programme).

This provision will include the cleaning of the building which it is proposed will be undertaken via the Council's existing team (with extra resources brought in as required). Provision to fund this maintenance has been built into the financial projections within this business plan.

The operations group will give further and ongoing consideration as to the need for any further 'caretaking' provision. Principally this would be the opening up and locking up of the building (beyond duties which can be undertaken or passed on to the catering provider; commercial leaseholders; and users themselves). If such provision is considered necessary the business plan will be updated accordingly, with any increased costs reflected in marginal uplifts to rental rates, room hire rates and door split arrangements.

10.0 **Staffing**

As outlined elsewhere in this business plan many of the core operational functions of the Old Fire Station will be absorbed into the existing duties of Carlisle City Council's establishment (programming co-ordination; marketing support; building maintenance etc).

However a small team of part-time / casual employees will be established to set-up, close down, and steward directly promoted events (including technical provision). This team will include 2 supervisory roles (who will take overall responsibility for directly promoted events); 2 technical support roles (who will undertake sound and lighting duties); and a bank of stewards (who will undertake general front of house support during events).

A full training package will be put together to ensure that this team will be ready to undertake all statutory and legislative requirements, operate events from a technical perspective, and to ensure that customer service, culture and approach all fit with the vision for the Old Fire Station.

This bank of staff will be accountable to, and co-ordinated by Carlisle City Council's Arts Development Officer.

It is anticipated that Carlisle City Council will directly promote 4 – 5 events per month. A typical shift allocation for a directly promoted event will be 1 supervisor, 1 technician, and 2 – 3 stewards. On occasion events may also require additional qualified door supervisors. Where this is necessary specialist support will be brought in on an ad-hoc and as required basis.

The financial costs of this staffing structure and this level of direct promotion have been translated into the financial projections within this business plan.

There is also a clear aim to engage with education and training providers and the wider community, to develop and offer volunteering, work placement and training opportunities. This can potentially increase capability at the Old Fire Station, but more importantly engage an even wider Old Fire Station audience and build experience and capacity within the arts community. However, no direct assumptions or reliance has been built into the financial projections for the Old Fire Station in terms of the added value of this approach. A fully funded, paid workforce has been included within the financial planning for all directly promoted events at the Old Fire Station,

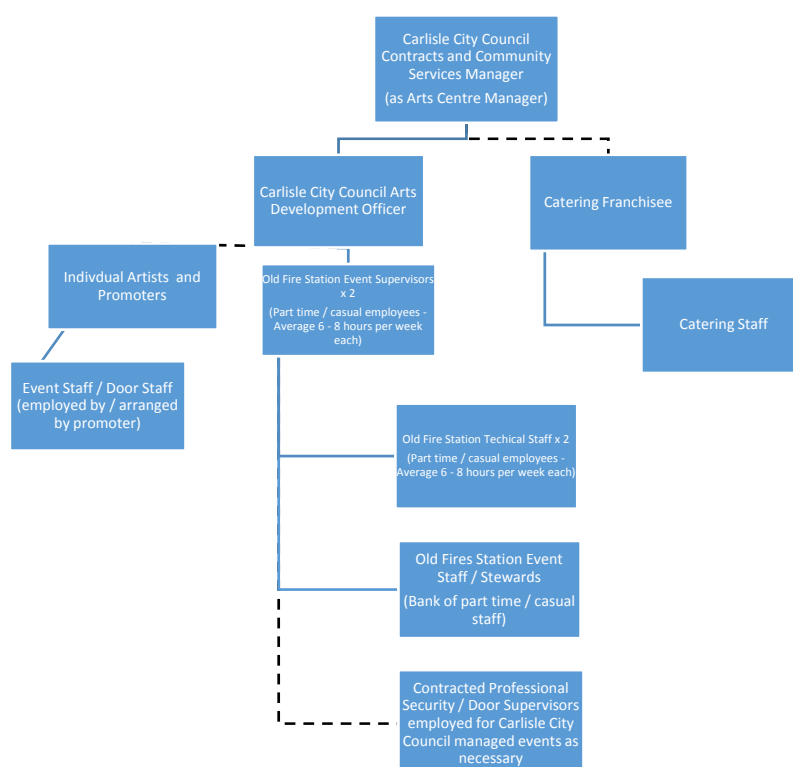
Individual artists and promoters will be entirely responsible for their own events, including the staffing of such events. As part of any licence agreement artists and promoters will have to demonstrate adequate staffing levels and appropriately qualified staff.

The bank of retained 'Old Fire Station Staff' will also be made available to all independent artists and promoters who do not have their own readily available resource. In circumstances where the retained bank of staff is required and used by an independent artist or promoter all costs will be passed on to them (with no net effect on the Old Fire Station operating costs or the financial projections within this business plan).

All catering staff will be directly employed by the independent caterer.

The organogram below reflects the staffing structures and reporting lines of these proposed arrangements.

Old Fire Station Staffing Structure



11.0 Financial Projections

The financial projections presented on the following pages cover all three years of this business plan.

The plan presents a low usage figure (demonstrating slower than expected trading levels across all functions) and an expected usage figure.

It should be noted that even the expected usage application has been relatively conservative in its income estimations (when compared with sales and take up during the pilot phase) in order to generate greater comfort in the financial validity of the centre in the light of unpredictable long term take up and trading.

So, in reality both the 'low usage' and the 'expected usage' scenarios have been calculated cautiously, with usage and related income conservatively estimated. However even in this context they provide the comfort of projections anticipating a total net revenue cost broadly in line with current projected budgetary provision.

Notably no assumption has been included on catering income within the business plan. This is because no competitive process has been initiated at this stage, and there is no desire to prejudge or influence future negotiations with potential bidders. However there is an obvious anticipation of an additional and positive revenue stream via a catering profit share arrangement. This will bolster both the income of the Old Fire Station and positively impact on the net position (income over expenditure).

Old Fire Station Arts Centre Financial Projections - Year 1 (2015/16)

	Low Usage / Throughput	Expected Usage / Throughput
<u>Expenditure</u>		
Staffing		
Event Staffing Costs	12192	14607
Staff Training	2500	3000
Uniforms / Equipment	800	1000
Recruitment	500	700
Total Staffing Costs	15992	19307
Building and Maintenance		
Planned maintenance	8000	8000
Reactive maintenance	5500	6050
Gas	12488	13736
Electricity	11988	13187
Climate charge levy	791	870
Water	1500	1650
Waste water	1344	1478
Cleaning	9000	9900
Cleaning materials	300	330
Waste disposal/recycling	750	825
Insurance	2000	2000
NNDR	25000	25000
Total Building and Maintenance	78661	83027
Marketing and Publicity		
Web development	8000	8000
Web maintenance	2000	2000
Marketing and publicity materials	18000	18000
Total Marketing and Publicity	30000	30000
Other Overheads		
Programming /Act Fees	77000	77000
Printing & Stationery	1200	1200
Licences/PRS/PPL	5000	5000
Total Other Overheads	83200	83200
<u>Total Operating Costs</u>	207852	215534
Contingency	18000	18000
Capital Fund (Equipment)	12000	12000
<u>Total Expenditure</u>	235852	243534

Old Fire Station Arts Centre Financial Projections - Year 1 (2015/16) (Cont..)

	Low Usage / Throughput	Expected Usage / Throughput
<u>Income</u>		
Direct Promotions Ticket Sales	23616	35424
Indirect Promotions Door Split Income	2520	3240
Room Hire	8900	17600
Work Unit / Office Lettings	1800	3600
Arts Council Funding (TBC)	25000	25000
<u>Total Income</u>	<u>61836</u>	<u>84864</u>
<u>Income Over Expenditure</u>	<u>-174016</u>	<u>-158670</u>
<u>Carlisle City Council Medium Term Financial Plan Arts Centre Budget Provision</u>	<u>159000</u>	<u>-159000</u>

Old Fire Station Arts Centre Financial Projections (Year 2 2016/17)

	Low Usage / Throughput	Expected Usage / Throughput
<u>Expenditure</u>		
Staffing		
Event Staffing Costs	12435	14900
Staff Training	1000	1000
Uniforms / Equipment	800	800
Recruitment	525	525
Total Staffing Costs	14760	17225
Building and Maintenance		
Planned maintenance	8400	8400
Reactive maintenance	5775	6353
Gas	13112	14423
Electricity	12587	13846
Climate charge levy	831	914
Water	1575	1733
Waste water	1411	1552
Cleaning	9180	10098
Cleaning materials	315	347
Waste disposal/recycling	788	866
Insurance	2100	2100
NNDR	26250	26250
Total Building and Maintenance	82324	86881
Marketing and Publicity		
Web maintenance	2100	2100
Marketing and publicity materials	18900	18900
Total Marketing and Publicity	21000	21000
Other Overheads		
Programming /Act Fees	80850	80850
Printing & Stationery	1260	1260
Licences/PRS/PPL	5250	5250
Total Other Overheads	87360	87360
<u>Total Operating Costs</u>	205444	212466
Contingency	18900	18900
Capital Fund (New / Replacement Equipment)	12600	12600
<u>Total Expenditure</u>	236944	243966

Old Fire Station Arts Centre Financial Projections - Year 2 (2016/17) (Cont...)

	Low Usage / Throughput	Expected Usage / Throughput
<u>Income</u>		
Direct Promotions Ticket Sales	29874	44811
Indirect Promotions Door Split Income	4250	5465
Room Hire	11214	22176
Work Unit / Office Lettings	3780	5670
Arts Council Funding (TBC)	25000	25000
<u>Total Income</u>	<u>74119</u>	<u>103122</u>
<u>Income Over Expenditure</u>	<u>-162825</u>	<u>-140844</u>
<u>Carlisle City Council Medium Term Financial Plan Arts Centre Budget Provision</u>	<u>159000</u>	<u>159000</u>

Old Fire Station Arts Centre Financial Projections Year 3 (2017/18)

	Low Usage / Throughput	Expected Usage / Throughput
<u>Expenditure</u>		
Staffing		
Event Staffing Costs	12684	15197
Staff Training	1000	1000
Uniforms / Equipment	800	800
Recruitment	525	525
Total Staffing Costs	15009	17522
Building and Maintenance		
Planned maintenance	8820	8820
Reactive maintenance	6064	6670
Gas	13767	15144
Electricity	13217	14538
Climate charge levy	872	960
Water	1654	1819
Waste water	1482	1630
Cleaning	9364	10300
Cleaning materials	331	364
Waste disposal/recycling	827	910
Insurance	2205	2205
NNDR	27563	27563
Total Building and Maintenance	86165	90922
Marketing and Publicity		
Web maintenance	2205	2205
Marketing and publicity materials	19845	19845
Total Marketing and Publicity	22050	22050
Other Overheads		
Programming /Act Fees	84893	84893
Printing & Stationery	1260	1260
Licences/PRS/PPL	5250	5250
Total Other Overheads	91403	91403
<u>Total Operating Costs</u>	214626	221897
Contingency	15000	15000
Capital Fund (New / Replacement Equipment)	12600	12600
<u>Total Expenditure</u>	242226	249497

Old Fire Station Arts Centre Financial Projections Year 3 (2017/18) (Cont...)

	Low Usage / Throughput	Expected Usage / Throughput
<u>Income</u>		
Direct Promotions Ticket Sales	34505	51757
Indirect Promotions Door Split Income	5579	7890
Room Hire	12952	25613
Work Unit / Office Lettings	5670	7560
Arts Council Funding (TBC)	25000	25000
<u>Total Income</u>	<u>83706</u>	<u>117820</u>
<u>Income Over Expenditure</u>	<u>-158521</u>	<u>-131677</u>
<u>Carlisle City Council Medium Term Financial Plan Arts Centre Budget Provision</u>	<u>159000</u>	<u>159000</u>

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 23 JUNE 2014

EX.53/14 BUSINESS PLAN – ARTS CENTRE
(Key Decision – KD.10/14)

Portfolio Culture, Leisure and Young People

Relevant Overview and Scrutiny Panel Community

Subject Matter

The Leader submitted report SD.12/14 presenting the proposed Business and Operating Plan for the Old Fire Station Arts Centre. The Plan had been produced to reflect the lessons learned from the pilot programme (undertaken throughout autumn and winter 2013/14) and was designed to provide a viable model to operate the Old Fire Station as an Arts Centre within existing budgetary projections.

The Leader explained that the proposed Business and Operating Plan made a range of proposals and assumptions which were detailed fully within the Plan itself. The key proposals could be summarised by the operating principles, which stated that the Old Fire Station Arts Centre should:

- Maximise opportunities for local promoters and artists to stage performance, exhibitions and events via licence and booking procedures
- Directly promote commercially viable content to maximise revenue return
- Ensure a balanced and varied programme giving support to less commercially viable art forms (via subsidised access agreements, increased support 'in kind', or limited direct subsidy / loss absorption)
- Minimise the City Council's direct costs and overheads to ensure sustainability
- Let (via concession) functions that the Council was not well placed to deliver (e.g. catering). But ensure any such package also helped support the wider operation of the Old Fire Station (i.e. ticket sales, front of house etc) and provided an incoming revenue stream for the Old Fire Station
- Develop a bank of qualified part time and casual stewards, front of house, and technical staff, which could be drawn upon by all promoters including the Council
- Support the creative industries and deliver incoming revenue via letting office, workshop or studio lets
- Give consideration to developing externally grant funded arts programming while not becoming reliant on such entities or external support and subsidy
- Work with other key partners such as Carlisle College and the University of Cumbria to provide work training and development opportunities

The Business and Operating Plan had been developed following ongoing discussion and consultation with a range of artists and arts groups as part of the pilot programme

held over the autumn and winter of 2013/14. Informal discussion and consultation had also been ongoing with a wide range of other existing and potential Old Fire Station users and stakeholders during the period of the pilot programme and had been reflected in the operating principles outlined above.

The Leader thanked everyone who had worked on the pilot programme and the officers who had prepared the Business Plan ensuring that the Arts Centre made a significant contribution to the economy and vibrancy of Carlisle.

In conclusion, the Leader moved the recommendations, which were seconded by the Deputy Leader and Environment and Transport Portfolio Holder.

Summary of options rejected None

DECISION

That the Executive:

1. Had considered the proposed Business and Operating Plan for the Old Fire Station, as attached to Report SD.12/14.
2. Referred to Plan for consideration by both the Community and the Resources Overview and Scrutiny Panels.

Reasons for Decision

The pilot programme at the Old Fire Station had demonstrated real market demand for a mid-size Arts Centre within Carlisle. It had shown that the Arts Community themselves could proactively offer support for such a facility, if they were provided with the right platform. In doing so, they also offered a significant boost to the long term sustainability of such an Arts Centre.

By necessity the pilot programme saw a low cost, flexible operating model emerge which had proven to be successful and sustainable within limited budgetary provision.

The principles of that approach had been refined within the business and operating plan presented in the report, and used to make financial projections based on known market data and take up and usage during the pilot programme. Those financial projections had been deliberately conservative but still showed that the Arts Centre could sustainably operate within proposed budgetary provision.

The proposed business and operating plan for the Old Fire Station therefore presented a low-cost start up proposal for an Arts Centre, operating within proposed budgetary provision.