



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Culture and Visitor Economy Overview and Scrutiny Committee

3 August 2021

Report of: Councillor Rosemary Trollope-Bellew, Cabinet Member for Culture and Visitor Economy



Arts, Culture and Events Service Review Update

This report sets out the background, outcomes and recommendations for Member consideration, following the receipt of an independent review of the Council's Arts, Culture and Events Service.

Report Author

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Corporate Priority:	Decision type:	Wards:
Healthy and Strong Communities	Key	All Wards

Reviewed by:	Nicola M ^c Coy-Brown, Director of Growth and Culture	23 July 2021
Approved by:	Karen Bradford, Chief Executive	26 July 2021
Signed off by:	Councillor Rosemary Trollope-Bellew, Cabinet Member for Culture and Visitor Economy	26 July 2021

Recommendations to the decision makers

- To note the independent Arts, Culture and Events Service Review**
- To support the Arts, Culture and Events Service Review being presented to Cabinet for further consideration in September 2021.**

1 The Background to the Report

- 1.1 As the Council focuses on delivery of the Corporate Plan (2020 to 2023) in the next two years, attention needs to be on the long-term aspirations for South Kesteven and its residents. South Kesteven is already a great district in which to live, work and visit. The Council wants to build on these strong foundations and become the best district for everyone.
- 1.2 Under the Health and Strong Communities priority of the Corporate Plan, the four key actions are to:
- Build on and celebrate the rich heritage and culture in the district
 - Adopt a new cultural strategy covering the local arts, events and festivals programme
 - Make best use of different funding sources to support the voluntary and cultural sector within the district
 - Improve and invest in local arts and cultural venues
- 1.3 Against this backdrop, the Council is facing financial challenges in the short to medium term. This is set out in the Council's Medium-Term Financial Plan that projects a deficit of £900k from next financial year as a result of the expected funding reductions from central Government. The Council is responding to this challenge in a number of ways including challenging and reviewing traditional service delivery models and bringing forward transformational changes that provides quality customer service whilst reducing the operating cost by embracing technology and maximising operating efficiencies.

2 Arts, Culture and Events Service Review Scope

- 2.1 Sport, Leisure and Culture Consultancy (SLC) were appointed at a cost of below £10,000 in December 2020 to conduct an independent review of the arts, culture, and events service offering. SLC are established as the leading independent advisor to the sport, physical activity and leisure sector with a proven reputation for quality, integrity and innovation. They are committed to supporting local authorities identify sustainable solutions that protect and improve services.
- 2.2 The review was led by a Director for SLC who has 25 years' experience in the sport, leisure and culture sector and previously spent 10 years at the Audit Commission, inspecting leisure and cultural services in over 60 local authorities. One of UK's leading cultural consultants has also supported the review who has expertise in developing successful income-generation strategies, fundraising for cultural projects and programmes and supports organisational development and governance in the cultural sector.
- 2.3 The scope of the review covered the three arts centres (Guildhall in Grantham, Stamford Arts Centre and Bourne Corn Exchange) and arts events.
- 2.4 The review focused on the following seven items:
- Strategic positioning of the service
 - Financial performance of the service
 - Consultation with stakeholders, officers and selected elected Members
 - Staffing review of the three core arts centres to propose an appropriate operating structure

- Develop options for improving the financial performance of the service
- A route map for modernising the service
- Management options for consideration

3 Arts, Culture and Events Service Review Key Findings and Recommendations

- 3.1 Having undertaken a comprehensive review, SLC has concluded the following:
- 3.2 The Council's Arts, Culture and Events services have been run in a "traditional" way for several years and have not undergone any transformation during this time.
- 3.3 Whilst the Council wants to deliver and enable arts, events and cultural services in the district, this is not adequately articulated in the Council's strategic plans. Specifically, there is lack of:
- a clear rationale for the high level of subsidy for a discretionary service
 - strategic objectives for the service with associated Key Performance Indicators (KPIs)
 - clear identification as to who the services are targeted towards and with a programme that reflects this priority group
 - a procurement strategy to consider a future delivery model for the service
- 3.4 In 2019/20 the Council had a net spend of £1,748,868 on the arts, culture and events services. This was approximately the equivalent of 11% of the Council's total net cost of all General Fund services.
- 3.5 Staff costs were £1,090,232 in financial year 2019/20, plus further costs for the Head of Arts and Cultural Services.
- 3.6 Within the programme, only the Stamford Arts Centre cinema makes a positive financial contribution towards the overall Arts budget of approximately £90,000 per annum. However, most programmes require a level of subsidy.
- 3.7 The current service users who are the main beneficiaries of the Council's subsidy are predominantly from affluent communities. Based on data collected by the service, approximately 24% of users of Stamford Arts Centre and 7% of users of Grantham Arts Centre, live outside South Kesteven.
- 3.8 The current operating structure is based on the arts venues operating independently, each with their own support for Box Office, marketing, technical and administration. This limits any opportunity for using expertise across the sites and to benefit from the Council's corporate services, such as communications and customer services.
- 3.9 The Council's current in-house delivery model is more costly to operate than a potential trust model, which is the chosen route by many local authorities to these types of services. Whilst there are specific advantages of outsourcing services to a trust partner, in particular transferring operational and commercial risk, the Council is not presently able to take this option forward as further analysis will be necessary. However, there is scope for having a smaller development trust for arts events and festivals to attract other types of charitable external funding.
- 3.10 The current COVID-19 pandemic lockdown has provided an opportunity to re-shape the arts, culture, and events services. It will be potentially much easier to make changes. For

example, if reducing opening hours, there is likely to be less resistance when re-opening after COVID-19 with new operating hours, as opposed to reducing the hours of a service that is already open.

- 3.11 The review sets out how the Council could build on the achievements of the last year and improve in the areas where challenges remain. SLC arrived at short, through to long term recommendations. Below is an extract of those recommendations. These have been amended by officers; however, Members may wish to bring forward or amend these:

Short Term Recommendations (next 6 months)	
No. 1	In the short term the Council should undertake a staffing re-structure as set out in this report to include: <ul style="list-style-type: none"> - merging duplicated functions to have a cohesive service - Utilising corporate central services <p>If the first recommendation is endorsed, then there is potential to make revenue savings of more than £277K per annum (excluding redundancy/ redeployment or additional costs). The Council should undertake this review with a view to starting with a new structure when COVID-19 restrictions are unlocked through redeployment and potential redundancy.</p>
No. 2	Prior to implementing the re-structure, the Council needs to ensure that the service has job descriptions and person specifications for each position and that the cultural services are integrated into the Council's corporate HR systems
No. 3	The Council should review the general programmes at Stamford Arts Centre and Grantham Guildhall to reduce the subsidy that these currently run at
No. 4	The opening hours of the arts centres should be reviewed.
No. 5	The Council should explore the creation of a small development trust, possibly for arts events, festivals and outreach projects so that it can take advantage of funding opportunities that it is currently not eligible to apply for as an in-house service
Medium Term Recommendations (1-2 years)	
No. 6	The Council should take its Cultural Strategy to the next stage and develop a clear Strategic Plan for its Arts, Cultural Services and Events which includes: <ul style="list-style-type: none"> - strategic priorities and objectives - reviews and specifies the balance between interventions held in the arts centres and outreach - target groups and communities - KPIs - clear medium term financial parameters
No. 7	The plan should be developed with significant input from elected Members particularly when agreeing subsidy levels and priorities
No. 8	On completion of the Strategic Plan the Council should carry out a specific management options appraisal to identify the most advantageous model for the services. This should include financial modelling of each option including identifying the financial benefits associated with a trust model. This will identify the most efficient and effective management option to deliver its Strategic Plan for the services in future
Long Term Recommendations (2+ years)	
No. 9	Subject to the results of the management options appraisal the Council should further explore the benefits of running all Arts Cultural and Events services through a trust model
No. 10	The Council should develop an asset management plan for the arts venues. This will inform whether it decides to retain the lease at Stamford Arts Centre in the long term

- 3.12 A copy of SLC's review can be found at Appendix 1.
- 3.13 A copy of the two options for restructuring the service are found in Appendix 2 - this appendix is restricted as it contains information that can identify individual officers of the Council.

4 Proposed approval process timeline

- 4.1 The proposed timeline to achieve formal approval of the recommendations included in the review are illustrated below:

3 August 2021

Extraordinary Culture and Visitor Economy Overview and Scrutiny Committee (OSC) meeting will take place

8 September 2021

Comments received from 3 August Culture and Visitor Economy OSC will be re-presented for final consideration, including recommendations to the Cabinet of a way forward

14 September 2021

Cabinet receives the recommendations from the Culture and Visitor Economy OSC on a way forward

23 September 2021

Council consideration (if any budget approval is required)

24 September 2021

If approved, formal staff consultation to commence

5 Financial Implications

- 5.1 The financial outlook for the Council is challenging and every opportunity should be taken to review how services are delivered and consider opportunities to reduce operating costs where necessary. The arts service is the biggest financial discretionary service and has remained as such for many years. Within the context of the financial outlook it is appropriate to challenge and reduce the operating costs of the service. Recommendation 7 referenced at section 3.11 should be considered for an earlier implementation as agreeing a subsidy level from 2022/23 will assist in enabling the Council to maintain a financially sustainable position.
- 5.2 The financial considerations where appropriate, are referenced throughout the service review. The recommendation is to approve staffing structure identified as option 2 (set out in the review report appended) which sets out an annual saving of £277,000 to the staffing of the service (full year saving post implementation). If this option is taken forward, then further work will be undertaken with HR colleagues to determine the financial implications of those staff affected by the proposed new operating structure. This cost will require specific funding allocated and the costs of implementing option 2 will be considered alongside the ongoing savings to demonstrate payback and value for money.
- 5.3 Therefore, there will be one-off payments and redundancy costs arising from the implementation which will need to be identified and understood aligned to Members chosen option.

5.4 If the recommendations are approved, the budget for the Arts and Culture service will be reduced from 2022/2023. This saving will make a significant contribution towards reducing the operating costs of the Council required in the medium term.

Financial Implications reviewed by: Richard Wyles, Assistant Director for Finance and s151 Officer

6 Legal and Governance Implications

6.1 The recommendations included in the service review will need to be considered and follow legal guidance for the staffing restructure, consultation is undertaken and ensure that governance followed. If formal advice is required on any legal aspects of the restructure specific advice can be obtained.

Legal Implications reviewed by: Mandy Braithwaite, Legal Executive

7 Equality and Safeguarding Implications

7.1 There are no issues relating to equality and diversity or safeguarding resulting from this report. Any issues that do arise relating to individual items will be addressed as required in the approved HR policies.

8 Risk and Mitigation

8.1 There are risks that have been identified in the review hence seeking to implement the recommendations identified. A risk register and project plan have been drafted for the review.

9 Community Safety Implications

9.1 No significant implications have been identified.

10 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

10.1 The contents of this report do not have a direct impact on the council's carbon emissions or the carbon emissions of the wider district.

11 Background Papers

11.1 n/a

12 Appendices

12.1 Appendix 1 – Arts, Culture and Events Service Review

12.2 Appendix 2 – Staff Restructure Options - this appendix is exempt under paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972 (as amended) because they contain information relating to individuals or from which individuals could be identified.

Report Timeline:	Date of Publication on Forward Plan (if required)	N/A
	Previously Considered by:	N/A
	Final Decision date	23 September 2021