



# Arts, Culture and Events Services Review

South Kesteven District Council

July 2021

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# 1. Introduction and Terms of Reference

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## 1.1 Background

1.1.1 South Kesteven is a district with four major historic towns and urban areas - Grantham, Stamford, the Deepings and Bourne and more than 80 rural villages

1.1.2 South Kesteven District Council SKDC invests heavily in Arts and Culture compared to most district councils. Put into context the Council spends significantly more on arts and culture than it does on its four leisure centres.

1.1.3 The services are mostly asset based and include the following:

### **Grantham Guildhall Arts (GAC) and Meres Events**

1.1.4 Housed in what was Grantham's town hall, jail and sessions hall the venue is predominantly a receiving theatre where professional touring shows are brought in and the facility is hired out to professional shows. In addition, Grantham has a thriving amateur scene and several groups from the area hire the venue for their productions. There is annual Christmas pantomime, which for 18 years was produced in association with director Douglas Gorin and is currently presented in partnership with Polka Dot Theatre Company.

1.1.5 Alongside the shows, GAC is also a hub for workshops and community activities. It offers several workshops for a range of ages and the rooms are in constant use by businesses, organisations and individuals for meetings, workshops, fairs, conferences and parties.

1.1.6 The Box Office is also the Tourist Information Centre for Grantham and is located at the Guildhall.

1.1.7 'Meres Live' events are promoted by the GAC, bringing larger events to town at the Auditorium which is part of the Grantham Meres Leisure Complex situated just outside Grantham town centre and near to the A1.

1.1.8 It has a flexible auditorium, seating from 500 to 1,300 depending on the show. There is a bar in the auditorium and foyer and a Costa Coffee shop in the main concourse.

1.1.9 Recent popular shows have included: Lulu, Magic of Motown, A Night of Dirty Dancing, That'll Be The Day, Thank you for the Music, Soul Legends, Ed Byrne and Elaine Paige.

### **Stamford Arts Centre (SAC)**

1.1.10 SAC is a multi-arts venue that provides the opportunity to experience and participate in a selection of art forms from theatre, cinema, music and poetry to sculpture, dance, painting and drawing.

1.1.11 Throughout the year professional touring theatre companies visit the 166-seat theatre as well as five weeks of drama from the resident Shoestring Theatre Company.

1.1.12 The theatre also doubles up as the cinema which, over the last 25 years, has become a film hub for the local area, showing a huge variety of genre including: Hollywood blockbusters, Art House and World Cinema.

1.1.13 The ballroom regularly hosts a range of concerts including a classical music season that runs from October through to May every year, as well as dances and workshops. The ballroom is used for weddings and special occasions and is available to hire along with several other multi-functional rooms for meetings and evening functions.

- 1.1.14 There is a gallery that is open and is free to the public from Monday to Saturday, 9.30am to 9pm. The main gallery accommodates a programme of contemporary exhibitions from local and international artists including: photography painting, textile, drawing and sculpture.
- 1.1.15 Art pieces are displayed in the foyer coffee shop, which generally exhibits work by artists in residence, as well as in the ante room where works by the Welland Valley Art Society are displayed.
- 1.1.16 There is a Cellar Bar and Gallery Bar.
- 1.1.17 The venue has a Box Office and Tourist Information Centre.

### **Bourne Corn Exchange**

- 1.1.18 The Bourne Corn Exchange is a live entertainment venue situated in the town centre of Bourne. This multi-use venue is used for functions, parties, wedding receptions, meetings, workshops, youth groups and conferences.
- 1.1.19 The venue hosts a variety of events including amateur dramatics, fitness classes and professional bands and productions.

### **Festivals and Events**

- 1.1.20 The Arts and Culture team organise several events including Gravity Fields Festival, Stamford Georgian Festival and Meres Live.

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## **1.2 Cultural Strategy**

- 1.2.1 In 2020 the Council developed a Cultural Strategy following consultation with residents and stakeholders with an overall aim:

*“Our cultural strategy will seek to maximise the opportunities for you to get involved in the cultural life of our district.”*

- 1.2.2 The Strategy identified the following feedback from consultation with residents:

- ▶ *Communication about what’s on offer could be better.*
- ▶ *You could not always get to activities and events because of poor public transport.*
- ▶ *The timings of the activities sometimes didn’t fit in with busy modern lives.*
- ▶ *There should be more opportunities for artists, societies, clubs and organisations, as well as others with an interest in cultural activities, to meet up and share ideas.*
- ▶ *The cost of events is sometimes a barrier to participation.*
- ▶ *You want opportunities to network with other like-minded people or organisations to share knowledge, expertise and organise events.*

- 1.2.3 Whilst the Strategy has engaged with residents and identified their needs and perceptions it has yet to be developed into a coherent action plan which contains clear strategic objectives for Arts Cultural Services and Events with associated performance indicators. These will be captured in greater detail within the Service Plan currently under development.

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### 1.3 Terms of Reference

- 1.3.1 SLC were commissioned in December 2020 to undertake a review of the Council's Arts and Cultural Services and Events. The scope of the review covers the three arts venues and arts events.
- 1.3.2 The review focuses on the following:
- ▶ Commentary on the strategic positioning of Arts and Cultural services
  - ▶ An assessment of the financial performance of the services that identifies where the Council's significant subsidy is used
  - ▶ Consultation with stakeholders including Arts and Cultural Services staff, senior officers and elected Members
  - ▶ Staffing review of the Council's three core arts venues team to identify opportunities for new ways of working and efficiencies. This includes a proposed revised staffing structure.
  - ▶ Development of options for improving financial performance aimed at reducing the overall subsidy for Arts, Culture and Events.
  - ▶ A route map for modernising the service so that there is a strategic fit with the Council's ambitions for cultural services
  - ▶ Commentary on management options for the service.
- 1.3.3 The output of the project also includes short term and longer-term recommendations, focused on a future affordable and sustainable Arts, Culture and Events services.

## 2. High Level Review and Commentary on the Current Cultural Offer

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- 2.1.1 A strong cultural sector and enriching cultural life can contribute to welcoming, distinctive and attractive places. Used effectively, culture and the institutions and services of culture (museums, libraries, festivals and many other elements) can contribute toward the revitalisation of communities, the development of trust, and provide ways of tackling challenges around health and well-being, and the possibility of a more positive future. At a time of financial austerity, declining resources and increasing demands on council services, this review reflects the particularly challenging time for the arts and cultural sector. There is pressure to explore alternative ways of delivering public services particularly considering the predicted slow recovery of the sector from the impact of the COVID-19 pandemic.
- 2.1.2 The SKDC Arts, Culture and Events services are principally focussed on the towns of Stamford and Grantham. Each town has a theatre/arts centre, and a prominent biennial festival – Stamford’s Georgian Festival and Grantham’s Gravity Fields managed by the Arts and Culture management team. The cultural service promotes occasional popular live light entertainment shows at The Meres Leisure Centre in Grantham. A third venue, Bourne Corn Exchange which takes on a community hall role for Bourne and has recently been added the Cultural services venue portfolio.
- 2.1.3 Outside of Grantham and Stamford, the cultural service promotes Music in Quiet Places a series of classical chamber concerts in churches programmed by the cultural service team, funds the Deepings Community Library’s Literary Festival; and supports Lincolnshire Live & Local Touring Scheme in across the district’s local community centres. SKDC is a member of Lincolnshire One Venues (LOV) which builds upon participatory programmes of the arts centres targeted at rurally excluded residents.
- 2.1.4 Taken as a whole, both in size of assets and council investment, the cultural service is of a scale more substantial than other comparable, or indeed much bigger, local authorities.
- 2.1.5 In large part this may be due to South Kesteven’s model of cultural service delivery which is based on direct provision by the Council. SKDC has not taken the step that many other councils have in the current financial climate of austerity, of externalising their cultural venues and subsidised operations to encourage a mixed income model to reduce its ongoing financial subsidy.
- 2.1.6 The venues currently work semi-autonomously within the Council, with minimal strategic management or direction.
- 2.1.7 Two components that demonstrate this semi-autonomous detachment are the duplicating by SAC and GAC of the functions of marketing, and box office ticket sales. Both venues maintain separate operations and staff for selling tickets and marketing, as well as the use of retaining separate commercial designers.

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### 2.2 Cultural Strategy

- 2.2.1 Cultural Strategies are crucial for councils demonstrating a strategic commitment to culture and the role it can play for society. Measuring the impact of a cultural strategy is crucial to determining the value of the strategy in terms of overarching goals, and being able to demonstrate added value.
- 2.2.2 The recently published SKDC Cultural Strategy outlines three Strategic Themes:
1. Build on 'Fantastic' Existing Assets

2. Enable Access to new audiences

3. Bring culture out to the people.

- 2.2.3 The priorities are good broad themes that should be the starting point for achieving a defined vision. However, the Strategy lacks a delivery plan with clear strategic objectives and associated measurable targets. It highlights the need for increased partnership working and SKDC's Corporate Plan advocates greater cross-service cooperation. The creation of Leisure SK Ltd will provide new opportunities to develop this area of work. Specific actions are planned for incorporation into a Service Plan and will be monitored
- 2.2.4 The Cultural Strategy discusses the health benefits of sports and physical activity improving health and wellbeing and bringing people together. It is less understandable how the arts are perceived as playing a now comprehensively recognised, prominent role in the health and wellbeing of the district's communities.
- 2.2.5 The Council lacks a Cultural Services Strategic Plan. This process will enable SKDC to put in place a management framework with measurable outputs for its activities and Key Performance Indicators (KPIs), programmes and financial viability. These should be designed to have a direct effect on cultural, social and economic outcomes needed by SKDC.
- 2.2.6 Such a Strategic Plan should not be a "snapshot" but a living document to enable SKDC to manage the cultural service effectively and dynamically.

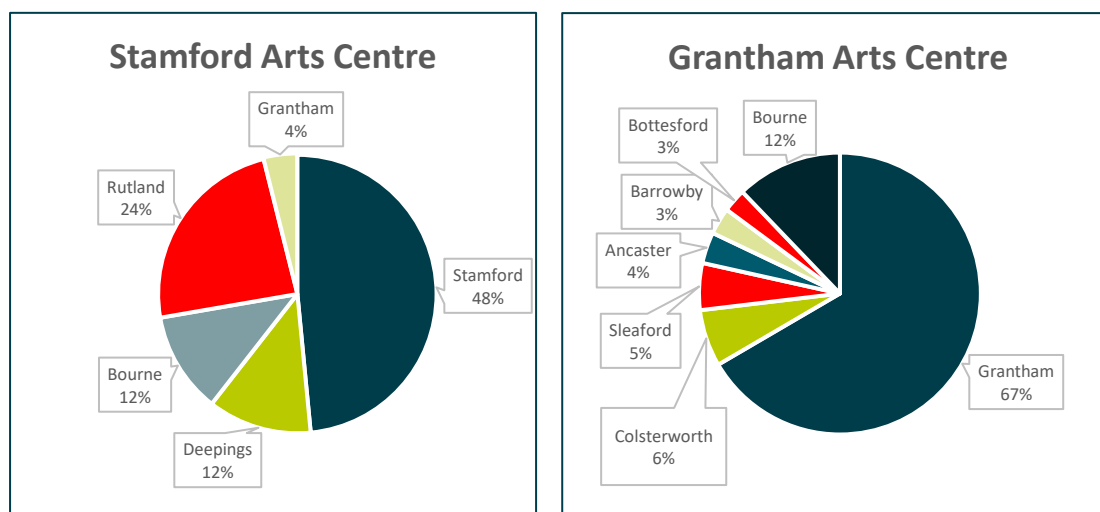
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### 2.3 Arts Engagement in South Kesteven

- 2.3.1 This demand assessment analyses and describes the potential market for cultural activity in South Kesteven.
- 2.3.2 Benchmark evidence shows that audiences for entertainments and arts venues this size are normally local, as opposed to pulling in customer from the wider region. An analysis of the two venues' ticketing data (April 2019 - March 2020) shows that:
- ▶ SAC catchment is just under 50% from Stamford attracting a sizeable proportion of audience from Oundle and Oakham
  - ▶ GAC catchment has two thirds of residents from Grantham reaching out to the surrounding areas of nearby Bourne and Ancaster, and also outside the district to Sleaford.
- 2.3.3 Figure 1 shows the distribution of where audiences come from for SAC and GAC.



Figure1: Audience Distribution



2.3.4 Figure 1 illustrates that approximately 24% of SAC users and 7% of GAC users come from outside of the South Kesteven district.

### Audience Demand Assessment

2.3.5 We can analyse the arts and entertainment attendance behaviours of residents in SKDC and individual venue audiences by reviewing both the Audience Agency Audience Spectrum profiling and the audience report on ticketing data from Box Office sales at SAC and GAC ,commissioned by SKDC in 2018. This represented in Figure 2.

Figure 2: South Kesteven and Arts Centres' Arts Audience Profiles

Audience Profile: Audience Spectrum segmentation	South Kesteven District		Stamford Arts Centre		Grantham Arts Centre	
	Count	%	Count	%	Count	%
Metroculturals	104	0.0%	135	0.9%	14	0.3%
Commuterland Culturebuffs	11,772	10.0%	3,636	24.3%	595	12.5%
Experience Seekers	2,928	2.0%	458	3.1%	62	1.3%
Dormitory Dependables	28,239	24.0%	4,092	27.4%	1,346	28.2%
Trips & Treats	29,223	25.0%	2,346	15.7%	984	20.6%
Home & Heritage	18,635	16.0%	2,681	17.9%	732	15.3%
Up Our Street	13,862	12.0%	998	6.7%	493	10.3%
Facebook Families	8,626	7.0%	305	2.0%	308	6.5%
Kaleidoscope Creativity	502	0.0%	97	0.6%	59	1.2%
Heydays	3,861	3.0%	212	1.4%	177	3.7%
<i>Adults 15+ estimate 2017</i>	<i>117,752</i>					

From 14,962 bookers with postcode

From 4,770 bookers with postcode

2.3.6 The most prominent Audience Spectrum segments in SKDC target catchment area are Trips & Treats, Dormitory Dependables and Home & Heritage. 65% of the target population belong to one of these three segments, compared with 56% of the national population.

2.3.7 **Trips & Treats:** Suburban households, often with children, whose cultural activities usually are part of a day out or treat (Medium engagement)

2.3.8 **Dormitory Dependables:** Regular yet not frequent cultural attenders living in city suburbs and small towns (Medium engagement)



- 2.3.9 **Home & Heritage:** Conservative and mature households who possess a love of the traditional (Medium engagement)
- 2.3.10 SAC has additionally a pronounced 'high engagement' segment that will be very comfortable with the light entertainment/classical programming as presented by the venue:
- 2.3.11 **Commuterland Culturebuffs:** Affluent, keen risk averse consumers of culture, where attending arts and cultural events form an integral part of their social and family lives
- 2.3.12 We can determine from this research that the principal audience catchment will be relatively affluent, well-educated with a mainstream interest in the arts that can be allied to socialising with family and friends.
- 2.3.13 The emphasis on family highlights the desire to educate and entertain children as a major motivation for family visits to cultural events. Such visits are valued as an opportunity to share experiences and create family time.
- 2.3.14 This indicates that the services are reaching relatively affluent people with pre-disposed interest in the arts. The service is not successfully widening participation and reaching less affluent categories.

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## 2.4 Cultural Offer Summary

- 2.4.1 SKDC cultural services are venue dominated, principally focused on Stamford and Grantham arts centres. The centres currently work semi-autonomously within the Council, duplicating operational functions, with limited strategic management or direction.
- 2.4.2 SKDC has no Cultural Services strategic plan with measurable outputs for its activities, programmes and financial viability.
- 2.4.3 The broad conclusion of the resident's cultural profile is that audiences are local, comparatively affluent, and have relatively high disposable incomes. The SAC audience is approximately 50% Stamford residents, with 23% of the SAC audience live outside the District. The GAC catchment is predominantly local residents from Grantham.
- 2.4.4 Audiences show a limited and mainstream interest in the arts, which is allied to socialising. Attending arts events is an infrequent, special occasion in the social calendar with likelihood for travelling to a neighbouring city, or London, for dinner and a show.
- 2.4.5 The services have limited engagement with less affluent or non-traditional arts attenders.

## 3. Consultation

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### 3.1 Consultee Discussions

3.1.1 The key objective of the discussions was to gain an understanding of the issues within the arts, culture and events services department. A key area of focus was to gain an insight into service operations and understand the challenges, capabilities and restrictions faced by consultees

#### Consultees

- ▶ Councillor Rosemary Trollope-Bellew - Cabinet Member for Culture and Visitor Economy
- ▶ Karen Bradford - Chief Executive, SKDC
- ▶ Richard Wyles - Director of Finance (Interim)
- ▶ Michael Cross - Head of Arts & Culture
- ▶ Graham Burley - Team Leader, Cultural Services
- ▶ Adrian Hills - Technical Manager
- ▶ Emma Oglesbee - House Manager Stamford Arts Centre
- ▶ Ian Bland- House Manager – Bourne Corn Exchange
- ▶ Benjamin Reynolds - Marketing & Sales Supervisor Stamford Arts Centre
- ▶ Jade Porter - Assistant Manager Guildhall Arts Centre
- ▶ Jo Dobbs - Arts Project Officer

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### 3.2 Key Themes

3.2.1 Several key themes were explored:

- ▶ Geographic breadth of SK can lead to residents not visiting other parts of the district
- ▶ Residents travel to Nottingham, Leicester or Peterborough for cultural experiences
- ▶ Stamford benefits from culturally aware affluent demographic
- ▶ SAC is very much part of the community and “well loved” by residents
- ▶ GAC is in search of an identity
- ▶ The Meres Leisure Centre puts Grantham on the map with celebrity and stand-up shows
- ▶ Lockdown has brought the two teams closer together to work on projects.

#### Issues Identified Through Consultation

##### General

- ▶ Concerns over internal departmental communications
- ▶ Each centre works independently from each other and from the Council in general
- ▶ The very small capacity of both venues makes attracting the better-quality performers and theatre companies unviable

##### GAC

- ▶ Competitive venue hire market in central Grantham

- ▶ Sound leakage between rooms and access limitations restrict the type of activities that can be presented simultaneously
- ▶ The new multiplex cinema in Grantham impacts on arts centres' film offer
- ▶ No café operator
- ▶ Facilities (e.g., ballroom bar) require upgrading to compete with local private functions and the commercial meetings market
- ▶ What else can the buildings be utilised for? – a refresh of programming and activities was suggested?
- ▶ The Meres is not suitable for theatre shows – lacks infrastructure and offers poor audience experience.

### **SAC**

- ▶ Cafe – lack of understanding by operator of the arts centre's way of working
- ▶ What else can the buildings be utilised for? – a refresh of programming and activities was suggested?

### **Opportunities**

- ▶ The arts staff's versatility, experience and positive team orientated outlook
- ▶ Joining up duplicated services in both venues
- ▶ GAC – attracting more hires from amateur societies and schools
- ▶ Festivals attracting more diverse audience than venues
- ▶ Engaging more widely with communities across district through focused outreach
- ▶ More cinema provision at SAC
- ▶ The arts playing more of a role in wellbeing including mental health.

## 4. Financial Review

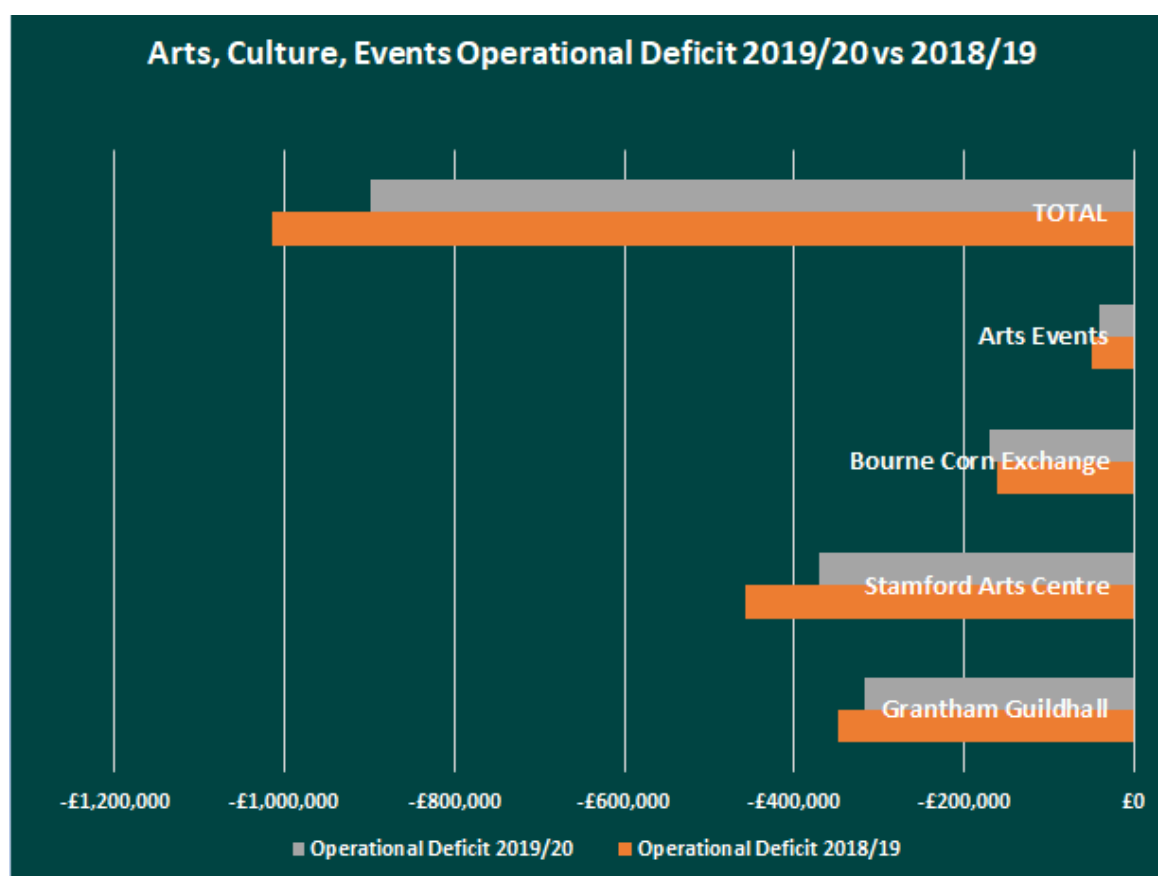
### 4.1 Overall Spending on Arts, Culture and Events

4.1.1 In 2019/20 the Council spent £1,748,868 on the Arts, Culture and Events services approximately 11% of the total Council's net cost of services of £15,934,000 (Budget Book 2018/19).

4.1.2 This figure is significantly higher than other discretionary services such as the Council's four leisure centres.

4.1.3 Figure 3 provides an overview of the operational deficit which excludes depreciation and support costs for 2018/19 compared with 2019/20.

Figure 3: Arts, Culture and Events Operational Deficit 2019/20 vs 2018/19



4.1.4 Figure 3 shows that the operational deficit has been reduced in all areas and from a total of £1,015,604 in 2018/19 to £898,761 in 2019/20.

4.1.5 A breakdown of the overall deficit is shown in Figure 4.

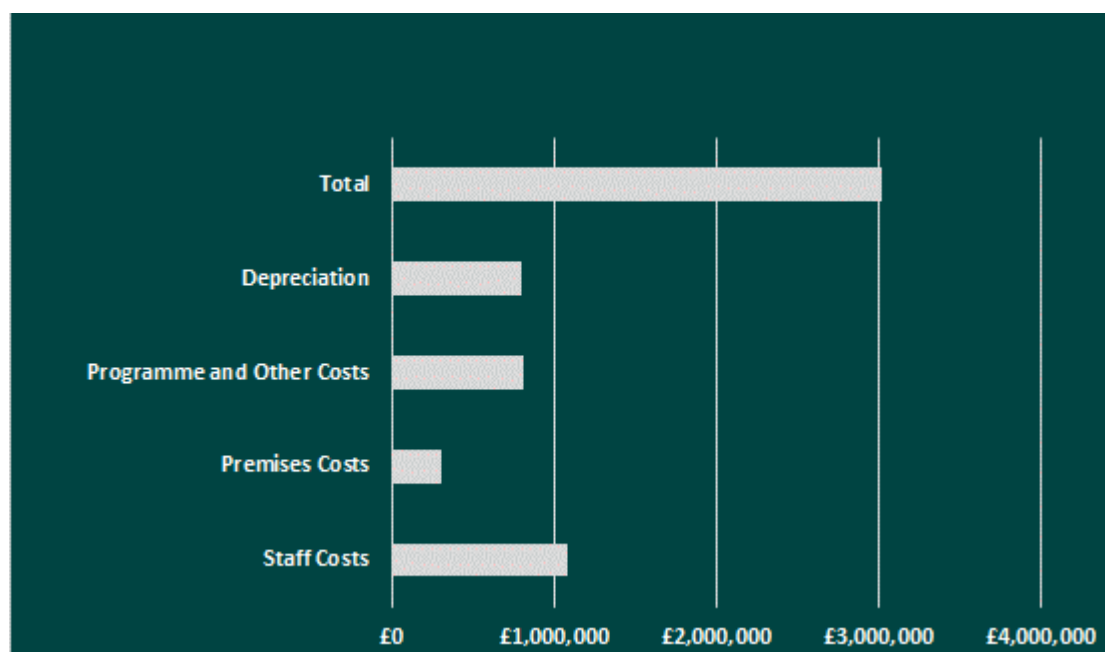
Figure 4: Arts, Culture and Events 2019/20 Deficit Breakdown

	Grantham Guildhall	Stamford Arts Centre	Bourne Corn Exchange	Arts Events	TOTAL
Income	£343,561	£748,248	£58,105	£120,488	£1,270,402
Expenditure	£340,469	£568,593	£54,014	£115,855	£1,078,931
Staff Costs	£320,495	£549,830	£173,437	£46,470	£1,090,232
Contribution	-£317,403	-£370,174	-£169,347	-£41,837	-£898,761
Depreciation	£567,862	£243,623	£38,621	£0	£850,107
Deficit	-£885,266	-£613,798	-£207,968	-£41,837	-£1,748,868

4.1.6 Figure 4 shows that the SAC and GAC are the main areas of service expenditure even when excluding depreciation and support.

4.1.7 Figure 5 provides a breakdown of the key areas of expenditure.

Figure 5: Art, Culture, Events - Key Areas of Expenditure 2019/20



4.1.8 Figure 5 shows that staff costs are the most significant area of expenditure in 2019/20 at £1,090,232 per annum. Programme and other costs were £814,417 per annum with premises costs at £310,026 per annum.

4.1.9 Given that the premises and depreciation costs are to a degree fixed this means that approximately £1,904,650 of expenditure is potentially discretionary or controllable.

4.1.10 As illustrated in Figure 5, staff costs are the most significant area of expenditure. An indicator for an efficient service is the staff cost as a proportion of income generated. Figure 6 illustrates this for the services.

Figure 6: Arts, Culture and Events Staff Costs as a % of Income 2019/20

Staff Costs As Percentage of Income 2019/20	
Grantham Arts Centre	93.3%
Stamford Arts Centre	73.5%
Bourne Corn Exchange	298.5%
Arts Events	38.6%
<b>Total</b>	<b>85.8%</b>

4.1.11 Figure 6 shows that 85.8% of the income generated goes out in staff costs which is high for any service, including cultural services. In comparing this to the Council's leisure centres the equivalent percentage would be staff costs in the region of 40 to 55% of sales.

## 4.2 Key Programme Finances

4.2.1 A financial assessment of key areas of the programme to provide insight into those areas requiring subsidy and those contributing a surplus. This includes some high-level assumptions to fill in any gaps we have on programme finances:

- ▶ Staff costs are assumed to be 25% sales for an individual programme. Given that the overall service staff costs are 85.6% of sales, this is conservative.
- ▶ Where the Meres is holding events, we have included an estimate for the loss of income as the facility could have been used for sports activities.
- ▶ For events at SAC and GAC any contribution to premises costs has not been included
- ▶ Marketing costs 2.5% sales
- ▶ Box office costs 2% sales.

### Stamford Arts Centre

Figure 7 provides estimated income and expenditure for the cinema at SAC.

Figure 7: SAC Cinema Programme – Estimated Income and Expenditure 2019/20

<b>SAC Cinema</b>	
<b>Income</b>	
Ticket Sales	£267,278
Pearle and Dean	£9,773
F&B	£14,849
<b>Total Income</b>	<b>£291,899</b>
<b>Expenses</b>	
Film Expenses	£114,254
Estimated staff costs	£66,819
Contribution to box office	£5,346
Marketing costs	£6,682
F&B Cost of Sales	£7,424
Film equipment	£1,013
<b>Total Expenses</b>	<b>£201,538</b>
<b>Gross Contribution</b>	<b>£90,361</b>

\*Food and Beverage (F&B)

- 4.2.2 Overall, the SAC cinema programme makes a significant contribution, in the region of £90,361 per annum.
- 4.2.3 The above figures indicate that SAC makes a significant surplus on the cinema operation.
- 4.2.4 Figure 8 provides an estimate of the income and expenditure for the performances at Stamford.



Figure 8: SAC Performances – Estimated Income and Expenditure 2019/20

<b>SAC Performances</b>	
<b>Income</b>	
Ticket Sales	£13,795
Admission Charges	£117,804
F&B	£5,483
<b>Total Income</b>	<b>£137,082</b>
<b>Expenses</b>	
Performance Fees	£121,055
Estimated staff costs	£34,271
Contribution to box office	£2,632
Booking Fees	£25,510
F&B Cost of Sales	£2,742
Theatre equipment	£5,295
<b>Total Expenses</b>	<b>£191,504</b>
<b>Gross Contribution</b>	<b>-£54,422</b>

4.2.5 Figure 8 indicates that overall, factoring in staff and other on-costs associated with running performances, they are subsidised in the region of -£54,422 per annum.

4.2.6 Figure 9 provides an estimate of the income and expenditure for the food and beverage offer at SAC.

Figure 9: SAC Food and Beverage – Estimated Income and Expenditure 2019/20

<b>Stamford Arts Centre Food and Beverage</b>	
<b>Income</b>	
F&B Sales	£23,073
Bar Takings	£59,576
Rents	£5,030
<b>Gross Contribution</b>	<b>£87,679</b>
<b>Expenses</b>	
Bar Stock	£30,013
Catering Provisions	£15,530
Water&Vending Hire & Purchases	£153
Water&Vending Machine Supplies	£645
Fixed staff costs	£8,758
Catering Equipment	£372
Casual staff (estimate)	£13,152
<b>Total Expenses</b>	<b>£68,623</b>
<b>Gross Contribution</b>	<b>£19,056</b>

- 4.2.7 The cafe side of the operation is currently delivered by a concession which yields a rent of £5,030 per annum. Overall, the food and beverage operation is profitable, yielding a contribution of approximately £19,056 per annum.

#### Guildhall Arts Centre

- 4.2.8 Figure 10 provides an estimate of the income and expenditure of the annual pantomime.

**Figure 10: Grantham Pantomime – Estimated Income and Expenditure 2019/20**

<b>Grantham Pantomime</b>	
<b>Income</b>	
Ticket Sales	£90,854
Admission Charges	£0
F&B	£3,786
<b>Total Income</b>	<b>£94,640</b>
<b>Expenses</b>	
Performance Fees	£65,683
Estimated staff costs	£23,660
Contribution to box office	£1,817
Booking Fees	£0
F&B Cost of Sales	£1,893
Theatre equipment	£0
Facility lost income estimate	£3,000
<b>Total Expenses</b>	<b>£96,053</b>
<b>Gross Contribution</b>	<b>-£1,413</b>

- 4.2.9 The Pantomime programme is estimated to run close to break even.
- 4.2.10 Figure 11 provides an estimate of the income and expenditure for the performances and shows held at the Meres.

Figure 11: Meres Shows – Estimated Income and Expenditure 2019/20

<b>Meres Shows</b>	
<b>Income</b>	
Ticket Sales	£114,609
Admission Charges	£0
F&B	£4,775
<b>Total Income</b>	<b>£119,384</b>
<b>Expenses</b>	
Performance Fees	£82,271
Estimated staff costs	£29,846
Contribution to box office	£2,292
Booking Fees	£0
F&B Cost of Sales	£2,388
Marketing	£4,679
Facility loss of income (estimate)	£5,000
<b>Total Expenses</b>	<b>£126,475</b>
<b>Gross Contribution</b>	<b>-£7,091</b>

4.2.11 Meres shows are estimated to run at a small deficit.

4.2.12 Figure 11 provides an estimate of the income and expenditure for general performances at GAC.

Figure 11: GAC General Performances – Estimated Income and Expenditure 2019/20

<b>GAC General Performances</b>	
<b>Income</b>	
Ticket Sales	£0
Admission Charges	£64,746
F&B	£0
<b>Total Income</b>	<b>£64,746</b>
<b>Expenses</b>	
Performance Fees	£64,380
Estimated staff costs	£16,187
Contribution to box office	£1,295
F&B Cost of Sales	£0
Theatre equipment	£3,816
<b>Total Expenses</b>	<b>£95,902</b>
<b>Gross Contribution</b>	<b>-£31,156</b>

- 4.2.13 Figure 11 indicates that overall, factoring in staff and other on-costs associated with running performances they are subsidised in the region of -£31,156 per annum.

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### **4.3 Financial Summary**

- 4.3.1 In 2019/20 the Council had a net spend of £1,748,868 on the Arts, Culture and Events services approximately 11% of the total Council's net cost services of £15,934,000 (Budget Book 2018/19).
- 4.3.2 The most significant element of this is staff costs which were at £1,090,232 in 2019/20, plus further costs for the Head of Arts and Cultural Services.
- 4.3.3 Of the £3,019,270 total expenditure approximately £1,904,650 is to a degree discretionary or controllable, as it relates to staff costs, programme and other costs. The balance can be considered fixed on premises costs and depreciation.
- 4.3.4 Staff costs represent 85.8% of income generated. This is extremely high for a leisure or arts service.
- 4.3.5 Within the programme, only the SAC cinema makes a significant financial contribution – approximately £90K per annum.
- 4.3.6 Other programmes run near to break even or at a deficit. The general performance programmes at SAC and GAC require a combined subsidy of c. -£85K per annum.
- 4.3.7 The key to improved financial performance is cost control and delivering the programmes more efficiently. The Council needs to address the high staffing costs to achieve this.

## 5. Staffing Structure Review

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### 5.1 The Staffing Challenge

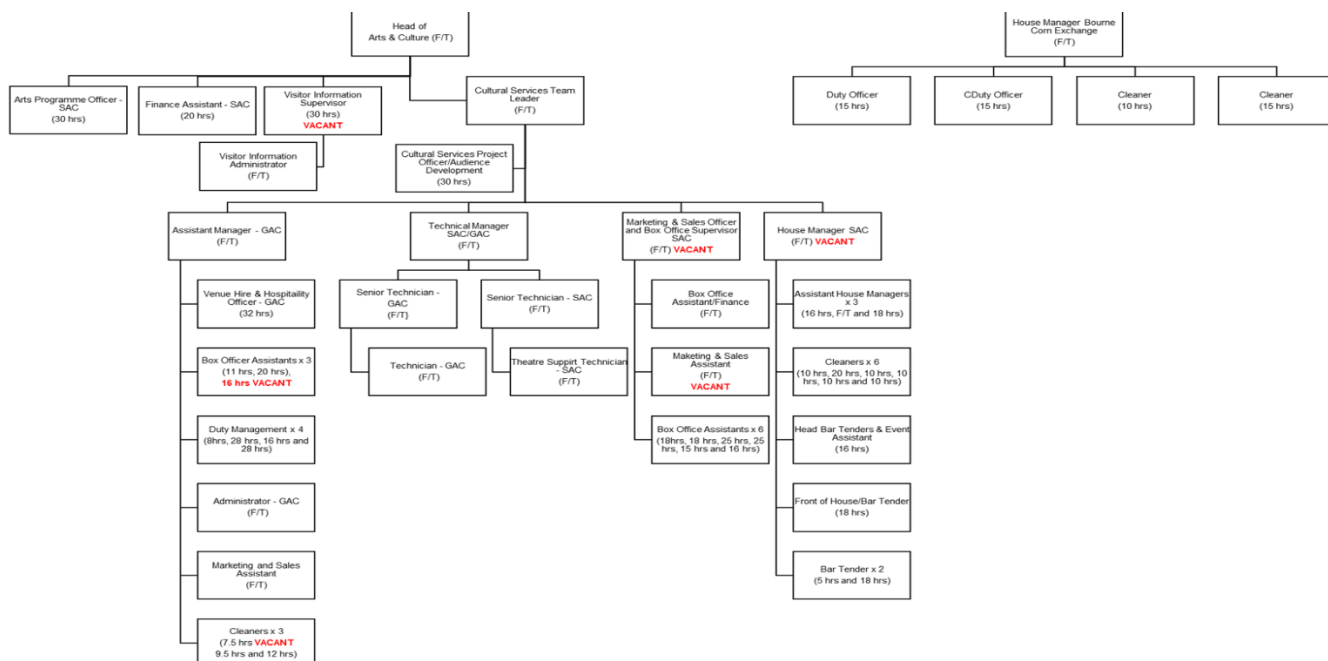
- 5.1.1 The current staff structure reflects a significant number of staff currently working in the Arts Cultural Services and Events. It is predominantly focused on the operational delivery of its two arts venues and is comparatively higher than similar small-scale venues. However, the arts team also takes on programming and operational responsibilities associated with running the two major festivals and the LOV outreach activities.
- 5.1.2 As identified in the financial review staff costs are high at over £1 million per annum including on-costs. They account for 86% of sales which is extremely high for any service and especially for a discretionary service.
- 5.1.3 The service is organised so that each venue is “stand alone” and has its own support services such as technical, Box Office, marketing, ICT, finance as opposed to these functions being centralised. This means that there are potential inefficiencies and a lack of economies of scale. The service does not benefit from utilising corporate resources such as customer services and communications.

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### 5.2 Current Staff Structure

- 5.2.1 Cultural Services and Events comes under the Director of Growth and Culture who reports directly to the Chief Executive Officer.
- 5.2.2 The current staff structure of the services is shown in Figure 12.

Figure 12: Cultural Services Current Organisational Structure: August 2021



- 5.2.3 The service contracts a film booker on a fee basis of £1,200 per annum, and a classical music programmer who provides their services free of charge.
- 5.2.4 Until commissioning this review project, the Council had not fully used the COVID crisis and service closure as an opportunity to review its Arts and Cultural Services in the same way it has for other discretionary services such as leisure centres. There are currently 41 posts in the service at the time of drafting this review and the 2020/21 staffing budget is £949,472.
- 5.2.5 Additionally, budgeted costs for casual staff are £135,600 and the venues currently use casual staff in the following roles:
  - ▶ Front of House Ushers
  - ▶ Tourist Information Assistants
  - ▶ Projectionists
- 5.2.6 The venues engage a significant number of casual staff hours amounting to almost 14% of its budgeted total staffing costs.

### 5.3 Proposed Staffing Structure – Option 1

- 5.3.1 The staffing structure proposed is designed to support the future development of the organisation with clearly defined roles and responsibilities across the service.
- 5.3.2 A radical organisation-wide restructure is needed and recommended to achieve savings within the service to deliver an efficient service necessitated by the ongoing financial climate and the

recuperation of the arts sector post COVID. It is expected that it will be the responsibility of the newly appointed Director of Culture and Growth to take charge for the strategic direction of the service and the necessary restructure of the Cultural Services team.

- 5.3.3 It is critical that all staff have job descriptions, role accountabilities and performance benchmarks which are currently absent for Arts, Culture and Events service staff. In the same way the Council must reevaluate budgets workflows and processes it should also review job descriptions.
- 5.3.4 Often it is assumed that job descriptions are primarily for employees. The importance of job descriptions for employees cannot be underestimated and maintaining up-to-date job descriptions aligned to the needs of the service is an ongoing process.
- 5.3.5 A key element of this restructure is to merge duplicated functions to have a cohesive service.
- 5.3.6 Both venue Box Offices, where tickets are sold to the public for admission to an event, are currently covered by a single user licence for the Spektrix Initiative box office system. Future ticket sales should be established around an online sales platform supported by a centralised telesales centre.
- 5.3.7 The new staffing structure proposed in option 1 would cost approximately **£621,200** per annum for contracted staff and yield a potential **revenue saving** of approximately **£192,672** per annum, compared to 2020/21 budget.
- 5.3.8 The potential savings exclude redundancy costs and any additional costs required for the Council's communications, customer services and finance teams to support the service.
- 5.3.9 The new structure would carry several benefits:
- ▶ Better use of specialist staff
  - ▶ Potential to utilise corporate resources
  - ▶ Clear line management structure
  - ▶ Robust financial control
  - ▶ Marketing and communications for Arts, Culture and Events that is consistent with the Council's overall corporate communications.
- 5.3.10 In terms of implementation, the best time is whilst the venues are closed due to COVID prior to re-opening which is likely to be in the summer of 2021 (subject to Member approval and due process).

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#### 5.4 Proposed Staffing Structure – Option 2

- 5.4.1 The staffing structure proposed in option 2 is designed to utilise more of the existing corporate resources as well as merging the duplicated functions included in option 1.
- 5.4.2 The new staffing structure proposed in option 2 would yield a potential revenue saving of approximately **£265,814** per annum.
- 5.4.3 The potential savings exclude redundancy or redeployment costs and any additional costs.
- 5.4.4 The new structure would carry several benefits:
- ▶ Better use of specialist staff
  - ▶ Clear line management structure



► Robust financial control

- 5.4.5 In terms of implementation, the best time is whilst the venues are closed due to COVID prior to re-opening which is likely to be in the summer of 2021 (subject to Member approval and due process).

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**5.5 Staff Structure Summary**

- 5.5.1 As identified in the financial review, staff costs are high at over £1 million per annum including on-costs (2019/20). They account for 85.8% of sales which is extremely high for any service, particularly for a discretionary service. Budgeted staff costs have been reduced to £949,472 in 2020/21
- 5.5.2 The current structure is based on the arts venues operating independently each with its own support for box office, marketing, technical and administration. This limits any opportunities for economies of scale, making the most of specialist expertise and established SKDC channels.
- 5.5.3 The proposed structures will yield an estimated annual staff cost savings of **£192,672** per annum for Option 1 and **£265,814** per annum for option 2 against the 2020/21 budget. This excludes any one-off redundancy or redeployment costs and any additional costs of central services.

## 6. Programme Review

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### 6.1 Stamford Arts Centre

- 6.1.1 SAC is an arts centre with a 166 fixed seat theatre which operates as both a live entertainment auditorium and a Dolby digital Cinema. The building is leased from the Burghley Estate. SAC has been operated by SKDC since 1990.
- 6.1.2 SAC contains a Ballroom (250 standing, 200 seated) and five additional small meeting rooms (cap 25 – 50) as well as a hireable art gallery space. In 2018/19 SAC reported c.62k tickets for more than 750 cinema screenings and live performances.
- 6.1.3 SAC operates the bars in-house and the centre's café is managed by an external operator, the Stamford based Central Tearooms. SAC also accommodates Stamford Tourist Information Centre in its reception.
- 6.1.4 Successful arts centres play an essential role in broadening participation in cultural activity. They are embedded in their local communities and reach people who may not otherwise access arts and cultural activity. It could be considered that SAC's broad performing arts and entertainment programme reflects the make-up of its core mature classically-biased, and loyal audience with programming and activities delivered in a safe and reliable way.
- 6.1.5 Live, programming decisions are being made with an emphasis on playing safe with a relatively restricted tried and tested range of classical and jazz diva music concerts, one-person shows and local drama groups.
- 6.1.6 By necessity, the theatre programme is restrained by economic rather than artistic limitations. The auditorium's small seating capacity places most by mid-range touring act fees out of reach with box office splits unattractive for performers. Classical concerts take place in the slightly larger Ballroom.
- 6.1.7 The cinema operation is a highly significant revenue generator for SAC and is the critical element in SAC's operational viability. With no local competition it offers a distinctly different cinema purpose to multiplexes, deliberately promoted within an arts centre environment and an identity that meets an audience's needs at that local level.

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### 6.2 Grantham Arts Centre

- 6.2.1 The Guildhall is a Victorian Grade II listed building in the town centre with renovation work that saw the Session's Hall transformed into 210-seat theatre. 2018/19 GAC reportedly sold c.31k tickets for 224 performances
- 6.2.2 A Ballroom on the 2nd floor has a capacity of 180 seated and 200 standing. The Newton Room is an open space on the ground floor with a capacity of 60 seated and 100 standing. GAC also has 3 smaller studios, one of which is currently leased as an office for a local charity.
- 6.2.3 GAC is used as a theatre by amateur dramatic and music societies from the Grantham area who hire the venue for their productions. It is utilised as a receiving theatre for professional touring shows and hired out to professional shows programmed by the Cultural service Team Leader.
- 6.2.4 GAC presents approximately seven screenings of mainstream movies, aimed at an older demographic. However, a new multiplex Savoy Cinema with seven Screens has opened in Grantham.

- 6.2.5 GAC is open as a public space 6 days a week, including when there are no events taking place within the venue. On occasions private hire meetings or conferences are booked at the venue, but principally its public facing function is a staffed Box Office service for GAC and Meres Centre events.
- 6.2.6 The Box Office also provides a Grantham Tourist Information Centre and GAC staff currently provide a combined service for both.
- 6.2.7 A café/bar is located on the ground floor but since the retirement in 2020 of a long-standing external proprietor, it has no operator in place. However, the kitchen and bar infrastructure, owned by SKDC, is on site.
- 6.2.8 Visitors to events are often considered to be a captive audience in terms of bar sales and therefore contributions from bar sales will be a significant ancillary income generator. Therefore, a basic ancillary refreshments service and bar open for evening shows could potentially be managed in-house. GAC could furthermore offer a coffee/buffet service for meetings/conferences either provided in-house or delivered via a preferred outside caterer scheme.
- 6.2.9 The GAC could be is an attractive venue for a wide variety of private / commercial hires. Its principal external client markets focus is: Functions (wedding receptions and parties) and meetings. There is adequate capacity for increasing business in both these areas through better marketing and ensuring fit for purpose facilities to compete with local commercial sector.
- 6.2.10 Due to the typical lack of daytime activity, the relocation of the Box Office service, plus relocation of the TIC to another location, it would make economic sense for the building to only open when commercially viable to do so. This would normally only require it to be open for public access from 45 minutes prior to an evening show.

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### **6.3 Bourne Corn Exchange**

- 6.3.1 The original building was designed as a public hall and corn exchange and takes on the community hall role for Bourne.
- 6.3.2 The Exchange is also the location for the South Kesteven Community Access Point was opened in 2013, together with the public library and the Registry Office.
- 6.3.3 The main hall can seat up to 220 people for performances, lectures and seminars. It is used as a hireable space for social occasions ranging from dinner dances and weddings and regular productions by the local amateur dramatic societies, tribute pop concerts and other staged entertainment that it fits around a regular schedule of keep fit classes and meetings of local community groups.

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### **6.4 Festivals and Outreach**

- 6.4.1 SKDC has two contrasting festival of significance, Stamford Georgian Festival and Gravity Fields Festivals. They are managed and marketed by the in-house arts team with support from local volunteers. Gravity Fields commissions an external professional event producer.
- 6.4.2 Taking place in alternate years, both are authentically rooted in local culture, heritage and place encouraging and celebrating community activity. They both look to encourage more visitors to come and spend time (and money) in the towns. Gravity Fields also could be considered to have the added task of looking to improve perception image of Grantham.

- 6.4.3 Whilst a broad generalisation, it is fair to say that local authorities' methods of operation rarely suit festival operations where flexibility, responsiveness and entrepreneurship are essential characteristics. Councils often find it difficult to attract funding from trusts and foundations or to sell commercial sponsorship of events.

#### **Stamford Georgian Festival**

- 6.4.4 Stamford Georgian Festival celebrates a distinctive aspect associated with the town's Georgian history and architecture. The 2019 event was the fourth Stamford Georgian Festival, celebrating the 'Age of Wonder and Invention'. It had a budget of £75K.
- 6.4.5 The biennial programme has become a major part of the town's broader promotional activity, and reportedly attracted 36k local audiences and visitors in 2019, enjoying strong local community buy-in. The programme included over 100 individual ticketed events at venues across the Town, together with free events on Stamford Meadows, a market and evening parade.

#### **Gravity Fields**

- 6.4.6 Gravity Fields is a biennial festival that celebrates Sir Isaac Newton's historic connection to the area. The Festival brings thinkers, scientists and artists to Grantham and aims to engage communities and to inform, entertain and its audiences.
- 6.4.7 The Festival is a member of the UK Science Festivals Network managed by the British Science Association which serves to celebrate and develop science festivals as a part of British culture.
- 6.4.8 The Festival budget consisted of investment of £18k from SKDC; a grant of £89.7k from Arts Council England, and sponsorship totalling £20.5k. The programme was a mix of outdoor arts performances and lectures, talks and workshops.
- 6.4.9 The Economic Impact and Evaluation of the 2018 Festival reports that there were 40.8k unique visitors of whom 31% were visitors to Grantham. The net economic impact of the Gravity Fields Festival to Grantham was £928,669.
- 6.4.10 The Festival has significant potential to build a role as a national pioneer, demonstrating the synergy between the Arts and the STEM learning agenda (science, technology, engineering and mathematics). The Festival offers excellent potential for schools and outreach projects and linkages with Higher Education and the wider science sector.

#### **Deepings Literary Festival**

- 6.4.11 The Deepings Community Library's Literary Festival was launched in 2017. This runs over four days in May which links in with the key period of the publishing. However it could be considered an overcrowded and competitive period with numerous book festivals taking place around Spring also wanting to book authors.
- 6.4.12 In the crowded field of literary festivals its impact is considered very local an overly generic programme. It enjoys a healthy £25k grant from SKDC. This investment from SKDC could alternatively be targeted at outreach projects that focus on reaching 'reluctant readers'.

#### **Outreach**

- 6.4.13 The Cultural Strategy states that it wants to "dispel the myth that the arts are about highbrow pursuits not aimed at ordinary people". Yet in South Kesteven, this is rarely borne out in reality where key elements promoted through outreach are about the arts presented in traditional ways for already engaged comparatively affluent audiences.

- 6.4.14 By the nature of their programmes, it is highly likely that attendees at Deepings Literary Festival and Music in Quiet Places are already regulars at cultural events provided by SAC.
- 6.4.15 The challenge for the cultural service is to find ways of engaging local people across the community, using participative and community focused creative activities for raising aspirations and stimulating an appetite for cultural engagement.
- 6.4.16 Almost a third of households are in rural areas representing a significant demographic with low educational levels and modest incomes. Therefore, central to the cultural service's cultural policy should be education and engagement work that encourages and enables life-long learning and participation in the arts.
- 6.4.17 There needs to be a determined and strategic effort to providing access and opportunity to increase engagement, particularly those who are socially and rurally isolated, the elderly and people with serious health conditions.
- 6.4.18 Lincolnshire One Venues (LOV's) project EVOLVE is a positive example of effective outreach. Overseen by the arts team, it aims to build relationships between schools and cultural organisations to create a more diverse music offer for children and young people across rural Lincolnshire. This underscores the importance of partnership working and should be encouraged.
- 6.4.19 Potential other outreach delivery partners in South Kesteven include North Lincolnshire Cultural Education Partnership, Soundlinks and Lincolnshire Music Education Hub, and the University of Lincoln.
- 6.4.20 The cultural service's ability to demonstrate evidence of impact on delivering better outcomes for local people will become increasingly essential due to the re-orientation of public sector funding around a 'commissioning model'. This commissioning approach, as well as the capacity to add value across service boundaries, will increasingly influence funding decisions.
- 6.4.21 Local commissioners, such as health and social care, recognise the benefits and added value that arts providers can bring, as an element of their services. The cultural service needs to work with the regional NHS Trust and others to deliver health and wellbeing outcomes.

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## **6.5 Programme Review Summary**

- 6.5.1 SAC theatre is hampered by a very small seating capacity which restrains economic viability for live entertainment. The cinema operation is a crucial revenue generator and is a critical element of for venue's operational viability.
- 6.5.2 GAC provides an established 'theatre for hire' service to local performing societies and schools. However, underachieves in the private and commercial hires markets. It would make economic sense to transfer ticket selling and the Tourist Information Centre, and for the building to only open when there is an event or a hire booking.
- 6.5.3 BCE delivers a multi-function, community 'hall for hire' facility service to local residents with limited scope for increasing provision.
- 6.5.4 Stamford Georgian and Gravity Fields festivals are useful visitor attractions with economic benefits for the host towns. Gravity Fields offers potential for developing schools and outreach projects, due to synergy between the Arts and the STEM agenda.
- 6.5.5 A challenge for Cultural Services will be to engage local people across the community and to measure and demonstrate evidence of impact for delivering better outcomes for local people.

- 6.5.6 The Council operating the arts service severely limits the opportunities for attracting grant funding from external Trusts and Foundations

## 7. Consideration of Different Operating Models

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- 7.1.1 A longer-term consideration for SKDC is, what is the best mechanism for coordinating management planning, funding and delivery of its Arts, Culture and Events services?
- 7.1.2 The principal driver for the growing move to externalisation of cultural services has been financial. A Trust with charitable status can more easily attract support from grant making Trusts, donations from the public (particularly through tax effective giving, such as Gift Aid) and sponsorship. Funding from grants from charitable trusts and foundations form the bedrock of most cultural organisations, providing the majority of philanthropic income.
- 7.1.3 Any service that attracts trading income and operates from buildings is **innately more expensive to run through direct in-house management**. This is a key reason why the Council's leisure centres have been run through an external trust partner for over 20 years. The key financial benefits of a trust model are:
- ▶ Mandatory and often discretionary relief from national non-domestic rates
  - ▶ VAT exemption on certain income streams
  - ▶ Staff do not have to be employed on local government terms and conditions which attract comparatively high on-costs
  - ▶ Multi-site trust operator can offer economies of scale on purchasing and support services such as marketing and HR.
- 7.1.4 South Kesteven's new Local Authority Trading Company, Leisure SK Ltd also benefits from some of the above features.
- 7.1.5 Councils often find it difficult to attract funding from Trusts and Foundations or to sell commercial sponsorship of events. Furthermore, residents and businesses are often reluctant to volunteer for Council run initiatives, either as operatives or advisors.
- 7.1.6 Education outreach projects are a widely supported area for many grant giving Trusts and Foundations. Activities that relate to young people and children from disadvantaged backgrounds or areas are attractive to funders, and the socio-economic character of rural wards in SKDC may be particularly compelling.
- 7.1.7 SLC has identified the potential operating models for SKDC's Art Service include following potential operating models and provided a high-level assessment including the advantages and disadvantages of each:
- ▶ Establishing an independent Charitable Trust Company Limited by Guarantee
  - ▶ Management by an existing leisure operator or cultural trust
  - ▶ A further option, worthy of consideration is a development trust – a charitable fundraising vehicle without the need at this time to fully externalise the cultural service
  - ▶ Establishing a New Charitable Company Limited by Guarantee
- 7.1.8 Charitable limited companies are the most common legal entity for modern charities and have two regulators: firstly Companies House which deals with company law; and, the Charity Commission oversees charity law.



7.1.9 Figure 13 shows the features of in-house provision compared to a trust operator.

**Figure 13: Features of a Trust Model Compared to the In-House Model**

In-House Model	Trust Model
<b>Financial and Risk</b>	
The Council carries all commercial and operational risk	Trust operator, if procured through a management contract, takes the core commercial and operational risk  Can provide clients with a fixed subsidy or management fee
In-house model carries high staff on-costs	Trust can employ new staff on market rate terms and conditions
Council carries the risk on VAT recovery and if close to VAT threshold may not recover VAT on income	Trust can yield maximum VAT recovery
In-house services do not attract external funders	Trust model more attractive to external funders
No economies of scale on purchasing	Larger trust operators can benefit from economies of scale
<b>Non-Financial</b>	
Council has direct control of services	Service directed through contract and service specification
Council can ensure community focus	Unless embedded into the specification, a Trust may focus on commercial opportunities

In-House Model	Trust Model
Direct control provides flexibility for example to develop a new strategy.	Any significant changes in service may result in the need for legal contract variation
Tend to have a more static work force due to limited promotion opportunities	Larger operators have a more dynamic workforce with opportunities for progression with the group

### Fundraising Development Trust

- 7.1.33 Alternatively, a phased approach may be the answer. A development trust could be established, opening up new funding sources. It is a simple process to set up an independent Trust as a Charitable Incorporated Organisation (CIO). Registered with the Charity Commission, governed by a Board of independent trustees.
- 7.1.34 It would exist to support the work of the Cultural Services with an active role in fundraising for the Council's arts programme.
- 7.1.35 In staggered parallel, the cultural service could be given greater freedoms over its trading and performance environment, perhaps in exchange for tougher financial targets.

## 7.2 Examples of Cultural Trusts

### North Kesteven DC

- 7.2.1 North Kesteven District Council, following a procurement exercise in 2018, transferred the operation for its Cultural service incorporating National Centre for Crafts and Design in Sleaford and its rural outreach arts team, ArtsNK to the culture and leisure trust, Lincs Inspire. The partnership is yielding savings in excess of £400K per annum on the previous operation.

### East Staffordshire Borough Council

- 7.2.2 In 2018 the Council successfully procured a trust operator for its Brewhouse theatre and town hall events section. Since then, the cost of the service has been substantially reduced and admissions to events and performance increased.

### Cultural Benchmark Operator Model Example

- 7.2.3 Barnsley Museums Service established Barnsley Museums and Heritage Trust<sup>1</sup> in 2015 as a fundraising charity to help preserve, enhance and champion the borough's heritage for the future. The Trust – a voluntary independent board of community champions – aims to generate funds and support of individuals, businesses and organisations to safeguard the future of Barnsley Museums.

<sup>1</sup> Barnsley Museum Heritage Trust <https://www.bmht.org>

- 7.2.4 The Trust raises funds and support for five Council heritage attractions in Barnsley: Experience Barnsley, Cannon Hall Museum Park & Gardens, Worsbrough Mill and Country Park, The Cooper Gallery and Elsecar Heritage Centre.

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### **7.3 Operating models - Summary**

- 7.3.1 Whilst there are specific advantages of outsourcing service to a Trust, as with any outsourcing the Council would need to be procurement-ready which would require:

- ▶ Clear strategic objectives for the services and the contribution of the operator including specific KPIs
- ▶ Identification of the long-term affordability of the services
- ▶ Understanding of the long-term asset management costs and asset investment requirements
- ▶ Any re-organisation taking place prior to procurement.

At the moment, the Council is some way from being procurement ready.

- 7.3.2 However, in the short term the Council could set up a small development trust vehicle specifically for local arts events in order to improve the prospects of attracting external funding.
- 7.3.3 In the medium term the Council should carry out a thorough management options appraisal as there is potential to substantially improve the service financially and non-financially.

## 8. Key Findings and Recommendations

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### 8.1 Key Findings

8.1.1 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. The focus is mostly on the two arts centres in Grantham and Stamford with outreach limited to the mainstream cultural events of Deepings Literary Festival and Music in Quiet Places.

8.1.2 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 KPIs;
- ▶ clear identification as to who the services are targeted towards with a programme that reflects; and
- ▶ a procurement strategy to consider a future delivery model for the service.

Although the Council has developed a Cultural Strategy (2020) this is based on consultation and essentially what residents are asking for. It does not balance this against what the Council is looking to achieve through arts and culture and lacks a clear policy on where subsidies should be targeted.

8.1.3 In 2019/20 the Council had a net spend of £1,748,868 on the Arts, Culture and Events approximately 11% of the total Council's net cost of services. Within the programme, only the SAC cinema makes a significant financial contribution – approximately £90K per annum. Most of the programmes require a subsidy.

8.1.4 The most significant element of this is staff costs which were at £1,090,232 in 2019/20 plus further costs for the Head of Arts and Cultural Services. Budgeted staff costs for 2020/21 show a modest reduction, coming in at £949,472.

8.1.5 The current service users are from mostly affluent communities who are the main beneficiaries of the Council's subsidy. 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.

8.1.6 The current structure is based on the arts venues operating independently each with its own support for Box Office, marketing, technical and administration. This limits any opportunities for using expertise across the sites and benefiting from the Council's established central services such as communications and customer services.

8.1.7 The Council's in-house delivery model is innately more costly to operate than a trust model which is deployed by many local authorities. Whilst there are specific advantages of outsourcing services to a trust partner, in particular transferring operational and commercial risk, the Council is not presently procurement ready. However, there is scope for having a smaller development trust for arts events in order to attract other types of charitable external funding.

8.1.8 It should be noted that the current COVID-19 lockdown provides 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 restrictions are lifted with new operating hours, as opposed to reducing the hours of a service that is already open.

## 8.2 Recommendations

### Short Term

- 1 In the short term, the Council should undertake a staffing re-structure as set out in this review to include:
  - ▶ merging duplicated functions to have a cohesive service
  - ▶ Utilising corporate central services

There is potential to make revenue savings in excess of £265K per annum. The Council should undertake this review with a view to starting with a new structure when COVID restrictions are unlocked, potentially in summer 2021 through redeployment and potential redundancy.
- 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 human resources systems.
- 3 The Council should review the general programmes at SAC and GAC to reduce the subsidy that these currently run at.
- 4 The opening hours of the arts centres should be reviewed.
- 5 The Council should explore the creation of a small development trust, possibly for arts events 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

- 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:
  - ▶ strategic priorities and objectives;
  - ▶ reviews and specifies the balance between interventions held in the arts centres and outreach;
  - ▶ target groups and communities;
  - ▶ KPIs; and
  - ▶ clear medium term financial parameters.

The plan should be developed with significant input from elected Members particularly when agreeing subsidy levels and priorities.
- 7 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

- 8 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.

- 9 The Council should develop an asset management plan for the arts venues to deliver an agreed standard of service. This will help inform the Council to fully consider the retention of the lease at Stamford Arts Centre in the long term.



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This report has been written by The Sport, Leisure and Culture Consultancy (SLC). SLC was established in 2009 and advises organisations by developing effective strategies, planning sustainable facilities and enabling successful operational partnerships.

