

A G E N D A

Social & Economic Development Scrutiny Committee

Date: **Monday, 31st January, 2005**

Time: **2.00 p.m.**

Place: **Council Chamber, Brockington,
35 Hafod Road, Hereford**

Notes: Please note the **time, date** and **venue** of
the meeting.

For any further information please contact:

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**County of Herefordshire
District Council**

AGENDA

for the Meeting of the Social & Economic Development Scrutiny Committee

To:	Councillor	A.C.R. Chappell (Chairman)
	Councillor	J. Stone (Vice-Chairman)
	Councillors	H. Bramer, M.R. Cunningham, Mrs. S.P.A. Daniels, J.G.S. Guthrie, B. Hunt, D.C. Taylor, P.G. Turpin and A.L. Williams
	Co-opted Members	Ms. C. Jones (Chamber of Commerce), G. Jones (Tourism Sector), Mrs. E. Newman (HALC) and Mr. P. Thomas (Herefordshire NFU)

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1. APOLOGIES FOR ABSENCE	
To receive apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY)	
To receive any details of Members nominated to attend the meeting in place of a Member of the Committee.	
3. DECLARATIONS OF INTEREST	
To receive any declarations of interest by Members in respect of items on the Agenda.	
4. MINUTES	1 - 6
To approve and sign the Minutes of the meeting held on 3rd December 2004.	
5. THE COURTYARD REVIEW	7 - 30
To consider the findings of the Courtyard Review Group following the review of The Courtyard Centre for the Arts.	
6. POSSIBLE PEDESTRIANISATION OF WIDEMARSH STREET - UPDATE	
To present an oral report following the open meeting on 26th January, 2005, held to hear the views of key organisations and individuals about the possible pedestrianisation of Widemarsh Street.	
7. REVIEW OF SUPPORT TO THE VOLUNTARY SECTOR - POSITION REPORT	31 - 38
To note the position in relation to the review of support to the voluntary sector.	

PUBLIC INFORMATION

HEREFORDSHIRE COUNCIL'S SCRUTINY COMMITTEES

The Council has established Scrutiny Committees for Education, Environment, Health, Social Care and Housing and Social and Economic Development. A Strategic Monitoring Committee scrutinises Policy and Finance matters and co-ordinates the work of these Committees.

The purpose of the Committees is to ensure the accountability and transparency of the Council's decision making process.

The principal roles of Scrutiny Committees are to

- Help in developing Council policy
- Probe, investigate, test the options and ask the difficult questions before and after decisions are taken
- Look in more detail at areas of concern which may have been raised by the Cabinet itself, by other Councillors or by members of the public
- "call in" decisions - this is a statutory power which gives Scrutiny Committees the right to place a decision on hold pending further scrutiny.
- Review performance of the Council
- Conduct Best Value reviews
- Undertake external scrutiny work engaging partners and the public

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

MINUTES of the meeting of Social & Economic Development Scrutiny Committee held at Brockington, 35 Hafod Road, Hereford on Friday, 3rd December, 2004 at 10.00 a.m.

Present:	Councillor	A.C.R. Chappell (Chairman)
	Councillor	J. Stone (Vice Chairman)
	Councillors	J.G.S. Guthrie, P.G. Turpin and A.L. Williams
	Co-opted Members	Mrs. E. Newman (HALC), Mrs. B. Heavens (Tourism)

In attendance: Councillor R.V. Stockton (Cabinet Member – Community and Social Development)

27. APOLOGIES FOR ABSENCE

Apologies were received from Councillors H. Bramer, M.R. Cunningham, and Mrs. S.P.A. Daniels.

28. NAMED SUBSTITUTES (IF ANY)

Ms. B. Heavens substituted for Mr. G. Jones (Tourism Sector).

29. DECLARATIONS OF INTEREST

There were no declarations of interest.

30. MINUTES

In relation to minute number 18 – Sickness Absence – the Director of Policy and Community clarified that in the final paragraph that exit interviews were not carried out comprehensively due to a number of staff not wishing to take part.

RESOLVED: THAT the minutes for the meeting held on 24th September 2004, be approved as a correct record and signed by the Chairman.

31. POLICY AND COMMUNITY DIRECTORATE 2004/05 FIRST SIX MONTHS PERFORMANCE INDICATORS

The Committee was informed of the performance of the non-corporate functions of the Policy and Community Directorate against their national and local performance indicators for the first six months of 2004/05. The report outlined the key service issues arising during the period and detailed the main areas of activity undertaken by those services during the two months since the last report.

RESOLVED: THAT the Directorate's first six months' 2004/05 performance indicator information be noted.

32. YOUTH SERVICE KEY PERFORMANCE INDICATORS

The Committee was updated on the performance of the Community Youth Service against the four key performance indicators set out by the DfES.

The Community Youth Service Manager reported that the DfES has set four key performance indicators for all local authority youth services to work to. These targets relate to:

1. numbers of young people the youth service is in contact with;
2. the number of young people participating;
3. the number of young people who then receive a recorded outcome;
4. the number of young people who receive an accredited outcome.

He reported that during the first six months the Youth Service had significantly under achieved against all four of the above targets. However, only five months of statistics had been assessed due to problems with the implementation of a new Management Information System (MIS).

The Community Youth Service Manager reported that the implementation of the nationally recognised MIS had increased the administrative workload for youth workers creating a backlog of delivered services which needed recording.

The Youth Service was also carrying a vacancy rate of 12% for the whole of the year which had contributed to the overall service under performance. However, new recruitment activity was set to address this but as many of the newly recruited staff were trainees they were unlikely to meet the required performance standards during their first six months in post. It was reported that a new career ladder had been put in place to enable the Youth Service to retain staff once they were fully trained.

The Community Youth Service Manager drew the attention of the Committee to the lack of funding the local youth service received against the standard set by the National Youth Agency (NYA). He informed Members that in order to reach the NYA standard Herefordshire needed funding for 35.8 full-time equivalent (FTE) youth workers whereas the current allocation for Herefordshire only provided for 24.5 FTE youth workers. This equated to the youth service being £566,025 under budget.

The Community Youth Service Manager highlighted the potential cuts threatened to the service by the current strategic options exercise and how this would further reduce the Youth Services ability to achieve the targets set for it by the DfES.

The Director of Policy and Community informed the Committee that a Government Green Paper was due in January 2005 concerning the Youth Service, arrangements for Connexions centres and their future development.

RESOLVED: THAT the report be noted.

33. FUTURE USE OF LIBRARIES

The Committee discussed the future use of Libraries in Herefordshire with Members of the Hereford Libraries User Group (HLUG).

Mr. H. Porte, HLUG Chairman, informed the Committee that the membership of HLUG represented a cross section of the local community who monitor, support and help their local libraries. He commented that HLUG would like to see the new Hereford library as a landmark building incorporated into the proposed Edgar Street

redevelopment and that HLUG would like to be consulted on the design process of any new library.

However, Mr. Porte was concerned that no timescale was mentioned for the development of a new library in Hereford. He voiced his short/medium term concern over the unsatisfactory situation found in Hereford library and proposed that radical thinking was necessary to improve the present situation.

Mr. J. Hitching, HLUG, expressed his concern regarding the state of libraries in Hereford and nationwide, reminding Members that a Parliamentary Committee was currently investigating this national problem. He conceded that the traditional library needed to be rethought but felt the role of the library was crucial as the intermediately processor.

The Library Policy and Development Manager highlighted the importance of books and the current national strategy for reading. He suggested that books would never be replaced by computers and the Internet as to be able to use a computer and access the Internet you needed to be able to read. Electronic sources of information would merely supplement the traditional book.

The Chairman thanked the members of HLUG for their comments and invited them back to a future meeting of the Committee as and when the strategy for libraries was further developed.

RESOLVED: THAT the comments of Hereford Library User Group be noted.

34. UPDATE FROM THE COURTYARD REVIEW GROUP

Councillor J. Stone, Chairman of the Courtyard Review Group, updated the Committee on the progress made by the Review Group.

The Review Group, along with members of the Committee, undertook a tour of the Courtyard on 15th October. The Review Group followed this with a comprehensive consultation which had been highly successful in generating a high level of responses from interested parties.

The Group had held two interview days, both in private and in public, to speak with the Courtyard management, Courtyard board members, Friends, users and key Council Officers.

The result of the consultation and interview days had left the Group with a number of lines of inquiry which needed to be explored before their final report can be submitted to the Committee. It was anticipated that a special meeting of the Committee would be called early in the new year for the Committee to consider the report and forward it for consideration by the Cabinet Member (Community and Social Development).

RESOLVED: THAT the progress of the Courtyard Review Group be noted.

35. MONITORING OF 2004/2005 REVENUE BUDGETS FOR SOCIAL, COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMME AREAS PERIOD 1-7

The Committee was advised of the actual net revenue expenditure against budget for the Social, Community and Economic Development programme areas to period 7 of the financial year 2004/05.

The monitoring report for period 7 was attached at Appendix 1 to the report. The report showed the revised budget including carried forward over and underspends from 2003/04, actual performance, variances and projected out-turns for the main service areas within Social, Community and Economic Development.

The Principal Accountancy Manager informed Members that the Social Development budget was currently demonstrating an overall underspend of £371,431. This was due to underspends in Parks and Countryside, Leisure and the Youth Service. Expenditure for the Youth Service was set to increase after a successful round of recruitment and resultant uptake in project work.

It was reported that the latest figures suggested an overspend on Library staffing costs. This was due to a number of recent changes to the staffing structure and an increase in opening hours. The position with regard to Libraries was being investigated as there was still opportunity to mitigate any overspend by reducing expenditure on non-employee headings where possible.

The Principal Accountancy Manager anticipated that the outturn position for the Social Development budget would be a net overspend of £25,000.

The budget for Community and Economic Development was currently showing an underspend of £435,059. The balance resulted from a combination of vacancies, a series of projects and studies yet to commence and grants for various schemes such as Community Buildings which are yet to be paid out.

The Principal Accountancy Manager anticipated that if all planned expenditure for projects and studies occurs within the financial year and the current trend in vacancies continue then there would be a likely underspend of £238,000. However, a large proportion of this underspend represented earmarked funds for future shortfalls in external income.

RESOLVED: THAT the position be noted.

36. STAFFING NUMBERS WITHIN THE POLICY AND COMMUNITY DIRECTORATE

The Committee was advised of the staffing numbers within the Policy and Community Directorate as at 1st October 2004.

The Head of Culture, Leisure and Education for Life informed the Committee that the Policy and Community Directorate was made up of staff who report within the remit of Social and Economic Development and of those who report within Policy and Finance.

The total number of employees as at 1st October 2004 was 494. 212 of these posts were part time and 67 posts were vacant. A detailed breakdown of staff in individual departments can be found in the report.

The Head of Culture, Leisure and Education for Life reported that the Policy and Community Directorate was currently undertaking a review of its management

arrangements. He informed the Committee that details of the review and a new organisational structure were expected to be available by 1st April 2005.

RESOLVED: THAT the report be noted.

37. HEREFORDSHIRE PLAN AMBITION GROUPS

The Committee considered the recent progress in relation to the Herefordshire Plan Ambitions relevant to the Policy and Community Directorate.

Members expressed concern that there were too many ambition groups and felt that the ambition groups should be properly scrutinised to see what was actually being achieved.

The Head of Community and Economic Development informed Members that the ambition groups were about to be reviewed with the possibility of rationalising the current structure over the next 12 months.

Following a request for information on the membership and structure of the ambition groups, the Head of Community and Economic Development agreed to provide the Committee with an appropriate list.

RESOLVED:

THAT (a) the report be noted;

and

(b) the Head of Community and Economic Development circulate details on the membership, structure and achievements of the Herefordshire Plan Ambition Groups to the Committee.

38. BEST VALUE REVIEW OF TOURISM SERVICES

The Committee received an update on the Best Value Review of Tourism Services.

The Principal Tourism Officer informed Members that the majority of outputs resulting from the Review had now been achieved or were on going. She reported that the Tourism Enterprise Programme was now coming to an end therefore Herefordshire needed to engage in a number of new innovative actions to raise the profile of the County throughout the U.K. and Europe.

To this end the Tourism Co-ordination Group, a sub group of the Business, Economic Development and Tourism Ambition Group (BETAG), was recommending the formation of a Destination Management Partnership in Herefordshire in order to secure future funding.

Noting that many of the actions or targets identified from the review had been achieved the Committee requested that the Cabinet Member (Community and Social Development) present a report detailing his plans for those targets/actions which were unlikely to be achieved in order to conclude the Review.

RESOLVED:

THAT (a) the report be noted;

and

- (b) the Cabinet Member (Community and Social Development) produce a final report on the Best Value Review of Tourism Services actions/targets which are unlikely to be achieved for the next meeting of the Committee.**

**39. ADDITIONAL ITEM - SCRUTINY REVIEW ON THE POSSIBLE
PEDESTRIANISATION OF WIDEMARSH STREET**

The Chairman proposed that a scrutiny review be undertaken into the possible pedestrianisation of Widemarsh Street. He suggested that this be undertaken by a small review group, namely, himself and Councillors J. Stone, H. Bramer and A.L. Williams who would hear evidence at a one-off meeting from key stakeholders and interested parties.

RESOLVED: THAT the scrutiny review into the possible pedestrianisation of Widemarsh Street outlined above be approved.

The meeting ended at 11.10 a.m.

CHAIRMAN

REVIEW OF THE COURTYARD CENTRE FOR THE ARTS

Report By: The Courtyard Review Group

Wards Affected

County-wide.

Purpose

1. To consider the findings of the Courtyard Review Group following the review of The Courtyard Centre for the Arts.

Background

2. During consideration of the 2004/05 Capital Programme by Cabinet at its meeting on 22nd July, 2004, the Chairman, Councillor A.C.R. Chappell, advised that he wished to carry out a scrutiny review of the funding arrangements for The Courtyard Centre for the Arts.
2. At the Social and Economic Development Scrutiny Committee on 24th September 2004, the Committee agreed to undertake a review and also agreed the Scoping Statement (terms of reference) and the membership of the Review Group.
3. The Review Group conducted a review of The Courtyard with the objective of establishing the historic background of the establishment; reviewing the contribution Herefordshire Council makes and to consider how best to strike a balance between sustaining a key arts facility and the benefits to the wider community. The aim of the review was to advise the Cabinet Member (Community and Social Development) on the best framework to put into place in respect of the future involvement of Herefordshire Council with The Courtyard.
4. The Review Group's report setting out the Groups approach to its task, its findings and conclusions is attached.

RECOMMENDATION

THAT the Committee considers the report of the Courtyard Review Group and determines whether it wishes to agree the findings for submission to Cabinet.

BACKGROUND PAPERS

- None identified.

Review of the Courtyard Centre for the Arts

Report by The Courtyard Review Group – January 2005

**For presentation to the Social and
Economic Development Scrutiny
Committee 31st January, 2005**

- ...Putting** people first
- ...Preserving** our heritage
- ...Promoting** our county
- ...Providing** for our communities
- ...Protecting** our future

Quality life in a quality county

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APPENDICES

- I Scoping Statement & Terms of Reference
- II List of Consultees
- III Examples of Comments Received in Consultation
- IV List of Interviewees
- V Financial Performance Since Opening
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1. Introduction

1.1 The purpose of the Review was to examine Herefordshire Council's funding contribution to The Courtyard Centre for the Arts and to consider how best to strike a balance between sustaining a key arts facility and the benefits to the wider community. The Review's aim was to provide guidance to the Cabinet Member (Community & Social Development) on the Council's future involvement with The Courtyard.

1.2 At its meeting on 24th September 2004, Cllr John Stone (Chair), Cllr Harry Bramer, Cllr Mrs Sylvia Daniels and Cllr John Guthrie were appointed by the Social & Economic Development Scrutiny Committee to serve on The Courtyard Review Group. The Scoping Statement of the Review and Terms of Reference are attached in Appendix I.

1.3 The Review was undertaken between October 2004 and January 2005. This report summarises the key findings of the Review and contains recommendations to the Cabinet Member (Community & Social Development).

1.4 The Review Group would like to express their thanks to the many witnesses, consultees and members of the public who submitted evidence during the Review. The Review Group are also very grateful for the assistance of Mrs Dorothy Wilson, Chief Executive of the Midlands Arts Centre and Chair of the Arts Council West Midlands who acted as advisor to the Review, and also to Martyn Green, Chief Executive of The Courtyard, and his staff for their co-operation and assistance.

2. Method of Gathering Information

i. Tour of The Courtyard & Ludlow Assembly Rooms

2.1 The Review Group commenced the Review at the beginning of October with a tour of The Courtyard and its facilities which was also attended by other Members of the Social & Economic Development Scrutiny Committee. Martyn Green, Chief Executive of The Courtyard gave Members a comprehensive tour of the building, providing an overview of its operation and current issues.

2.2 To gain further insight into the operation of an arts centre in a rural area, during the course of the Review, the Review Group visited the Ludlow Assembly Rooms. Members met with Paula Redway the venue's Director and discussed a range of issues.

ii. Written evidence

2.3 A considerable amount of documentation and financial information was considered by the Review Group during the course of the Review.

2.4 Written comments and views on The Courtyard were invited from members of the public at the beginning of the Review via articles in the local press and interviews and news items on BBC Hereford & Worcester radio.

2.5 Written evidence was invited from thirty-nine individuals and organisations linked to The Courtyard. These included key stakeholders, user groups and resident organisations. The list of consultees is contained in Appendix II.

2.6 A questionnaire was prepared to help structure the consultation responses and respondents were invited to submit additional supporting information that may assist the Review. Written submissions were also invited from key officers at The Courtyard and within Herefordshire Council.

2.7 In summary, over 70% of consultees completed questionnaires or submitted written comments and supporting information for the Review. Sixteen emails and letters were received from members of the public. The vast majority of these made positive comments about The Courtyard and the wide range of entertainment and benefits it provides. Examples of comments received in the consultation are shown in Appendix III.

2.8 Letters in support of The Courtyard were also received from pupils at the Hereford Academy of Dance, Stretton Sugwas C.E. School and Burghill Primary School. Following an invitation from Burghill Primary School, Cllr Stone in his capacity as Chair of the Review visited the school to meet with pupils and receive their letters.

iii. Interviews

2.9 Following consideration of the written consultation responses and related evidence, the Review Group held interviews with fourteen key witnesses to enable specific issues to be discussed in more detail. The list of interviewees is contained in Appendix IV.

2.10 Seven interviews took place at a well attended public meeting of the Review Group held at the Shirehall on 23rd November. During the meeting the opportunity was provided for members of the public to raise questions and issues relevant to the Review for the Review Group to consider.

2.11 Key witness interviews were conducted in private where there was the possibility of breaching commercial confidentiality.

3. Background to The Courtyard

3.1 The Courtyard was built as a result of a partnership between the former Hereford City Council and the Arts Council. The facility opened in September 1998, and was one of the first projects funded by the National Lottery.

3.2 The arts centre is located on the site of what was originally Hereford's municipal swimming baths. In 1979, the public baths were converted to serve as the Nell Gwynne theatre. By the early 1990's, the site owned by the former City Council was in an extremely poor state. Plans for a major refurbishment developed into proposals for the construction of a new building, and a successful funding bid was submitted to the National Lottery to undertake the works.

3.3 Tenders for the construction of the new building came in significantly over the initial budget of £2.4M. A second lottery bid was subsequently made to meet the final build cost of approximately £4.9M and various elements of the scheme were trimmed to keep within the available budget. Match funding from Hereford City

Council included the site, adjacent car park, a 7-year funding agreement and a 99-year lease of the building.

3.4 In 1998, the building was handed over to The Courtyard Trust. The 7-year funding agreement with The Courtyard Trust was put in place by Hereford City Council which was subsequently inherited by Herefordshire Council.

4. The Building

4.1 Designed by Glenn Howells Architects, The Courtyard was a new concept in the provision of a small arts centre, which has since been copied in other areas. The building's contemporary and high quality design makes it a key landmark within the city.

4.2 The facility includes a 436 seat multi-purpose theatre, a 145 seat studio theatre, visual arts gallery, meeting and function rooms, rehearsal studio and a cafe, bar and restaurant.

4.3 The location of The Courtyard was dictated by the availability of the site of the previous Nell Gwynne theatre. While its location is not ideal, linkages with the City centre should improve as proposals for the regeneration of the Edgar Street Grid area are implemented and it is suggested that there is scope to improve the signing of the venue particularly from Edgar Street.

5. Role of The Courtyard

5.1 The Courtyard is a multi-purpose arts centre, which provides a mixed and diverse arts programme on a year round basis. It offers a wide range of entertainment and activities catering for a cross section of the community.

5.2 The arts centre hosts a wide range of theatre, music, comedy, dance, and film productions and is part of the social scene in Hereford and wider County. In addition to a programme of professional arts presentations, The Courtyard provides opportunities for the people of Herefordshire to participate in a wide range of arts activities and hosts a variety of highly successful amateur groups. The venue has a vibrant youth theatre and has developed strong links with key projects such as the Herefordshire Photography festival. The building provides accommodation for several resident arts organisations and its facilities can be hired out.

5.3 In terms of theatre productions, The Courtyard is a mixed receiving and producing venue. Over recent years the venue has developed an excellent reputation for its in-house productions and in particular its musical theatre, community theatre and Christmas pantomimes. While in-house theatre production is an expensive aspect of The Courtyard's work, it attracts extra funding from the Arts Council and provides benefits and opportunities to the community and local artists.

6. Education & Outreach

6.1 A wide range of education and outreach services are undertaken by The Courtyard working with schools, colleges and community groups throughout the

County. This work is key to enabling and encouraging arts related educational activities and increasing accessibility to the arts within the community.

6.2 Many Herefordshire schools, both primary and secondary, make extensive use of The Courtyard's facilities and attend drama productions and other related events. The Review Group understand that The Courtyard has begun to build productive relationships with individual teachers and schools across the County through a series of training events, providing professional development opportunities for teachers in visual and performing arts, teacher advisory group meetings and music, drama and dance workshops. This year The Courtyard organised a highly successful education conference that included keynote speakers of national repute which will become an annual event. It also provides a structured work experience programme for GCSE students interested in undertaking a career in the arts.

6.3 The Council's Education Directorate has a 3-year Service Level Agreement with The Courtyard which runs from 1st September 2003 to 31st August 2006. This provides funding of up to £33,000 per annum for an Education and Outreach Manager at The Courtyard and to support project development. The post's responsibilities include supporting formal education for pupils aged 5–19, early years, youth opportunities, lifelong learning (adults and older people) and outreach community work. The Review Group note that financial assistance of £10,000 has recently been made available from The Sylvia Short Education Charity towards the transport costs of schools attending workshops and performances at The Courtyard.

6.4 The venue is also used extensively by Herefordshire College of Art & Design for exhibitions of student work, student productions and performances including dance, music and drama. Over 400 local children and young people attend dance and drama classes at The Courtyard every week.

6.5 The Courtyard works in partnership with a host of other organisations which enables it to broaden the scope of its work and provide support to local groups.

7. Reputation of The Courtyard

7.1 The reputation of The Courtyard has increased steadily since it opened in 1998 helping to promote a positive image of the County. The venue is now recognised regionally and increasingly nationally, and regularly attracts performances with a national reputation.

7.2 The fact that The Courtyard is perceived as successful and vibrant by external funding bodies helps it draw in extra finance. The funding contribution made to The Courtyard by the Arts Council, for example, is proportionally in excess of other arts centres in the West Midlands.

7.3 The Courtyard helps enhance Herefordshire's growing reputation as a significant provider of arts activities and performances. This is particularly important to Herefordshire Council in the Cultural Services section of its Comprehensive Performance Assessment.

8. Funding

8.1 The Courtyard is a non-profit making organisation and currently has a turnover of approximately £1.5M. It generates income and receives funding from a range of sources. A break down of the organisation's annual financial performance between 1998-2004 is shown in Appendix V.

i. Herefordshire Council

8.2 In 1998, Hereford City Council negotiated a 7-year funding agreement with The Courtyard Trust which was subsequently inherited by Herefordshire Council. The Council is the highest grant funding source for The Courtyard, although the percentage of total income represented by the Council's funding has decreased over time.

8.3 A breakdown of Council funding contributions to The Courtyard since 1998 is shown in Appendix VI. The funding agreement was originally made up of a core grant of £278,000 which included a discretionary grant of £60,000 paid on the receipt of a business plan and a sum of £13,000 for repairs and renewals. The grant is index-linked and additional payments are deducted from the grant or paid back to the Council to cover, for example, leasing cost repayments for essential equipment omitted from the original building, and contributions towards the original building overspend.

8.4 In 2004/05, the grant which will be paid to The Courtyard by Herefordshire Council is £290,694 with a further £20,000 contribution to the joint sinking fund (for building maintenance) and £40,000 to Council Reserves in respect of the original capital scheme. A one-off additional payment of £100,000 was also made in the current financial year to assist The Courtyard address its current deficit and improve cash flow. The combined total cost to the Council in the current financial year will be £450,694.

8.5 The Courtyard currently receives by far the largest grant made to an arts organisation by Herefordshire Council. Funding is paid from the Council's Arts Service which has a total revenue budget of £522,116. This level of funding is based on the scale and scope of the services The Courtyard provides, and also its strategic significance and role within the County. The Review Group understand that the Herefordshire Council grant helps give confidence to other organisations such as the Arts Council to invest in the facility.

ii. Arts Council West Midlands

8.6 The Arts Council West Midlands is the other major grant contributor to The Courtyard. The organisation currently has a 2-year funding agreement with The Courtyard up to 31st March 2006. This offers funding of £158,909 in 2004/05 and £162,882 in 2005/6. The grant is awarded as a contribution to core operating costs and the costs of delivering a year round mixed arts programme. The Arts Council have provided funding to various degrees over the past seven years and have also made supplementary awards to support specific initiatives.

8.7 In April 2003, The Courtyard was designated a Regularly Funded Organisation and received a substantial increase in funding from the Arts Council (417%) as a result of the National Theatre Review. This increase was provided to enable The Courtyard to develop its in-house producing. The significant investment made by the Arts Council is in recognition of the key role The

Courtyard has in supporting the arts infrastructure in the region and demonstrates the Arts Council's confidence in the facility.

9. Accumulated Deficit

9.1 At the start of the 2003/04 financial year The Courtyard (together with the Trading Company) was carrying a consolidated accumulated deficit of £277,000, which has come about for a number of reasons. These include the Trust having to pay back in excess of £100,000 of leasing costs over the past five years for essential equipment that was in the original National Lottery funding agreement but which, due to the building overspend, had to be omitted. In the past, The Courtyard has also been very much focused on the arts rather than business and financial management.

9.2 It is acknowledged that monitoring of financial budgets and accounting has improved significantly in recent years. Measures have been put in place to improve The Courtyard's financial position and to address its deficit. In 2003/04, the organisation made a small surplus in its consolidated accounts, which turned around a deficit of £137,656 on the previous year.

9.3 An additional £100,000 of funding has been approved by Herefordshire Council in the current financial year to help The Courtyard address its deficit and improve the organisation's cash flow. The approval was linked to the development of a new commissioning agreement between the Council and The Courtyard to provide a more structured and focused approach to funding arrangements. By reducing and eventually eliminating its deficit, The Courtyard will be in a much stronger position to move forward.

10. Financial Improvements

10.1 Although relatively new, The Board of The Courtyard is highly committed and the Review Group understand that relations with staff have improved significantly over recent years. It is understood that the position of a staff representative on the Board is currently vacant but should be filled in the near future.

10.2 A range of cost cutting measures and ways of generating additional income have been considered by the Board to address the deficit and improve the organisation's financial standing. These measures have included the introduction of car parking charges, a review of ticket pricing policy and better negotiation of production agreements.

10.3 Staffing numbers and costs have risen over the last five years. While it is acknowledged that this has been a result of the growth of the organisation, the Review Group suggest that these should be closely monitored in the new commissioning agreement.

10.4 A Business Development Manager was appointed by The Courtyard in December 2003 which is welcomed by the Review Group. The post has been sponsored by Arts & Business for an initial period of two years after which it is intended to be self-funding. The principal aim of the role is to develop existing revenue streams and create new ones such as advertising, sponsorship, and

corporate membership. This development of alternative revenue streams is crucial for the long-term development of The Courtyard.

11. New Income Generation

11.1 Over the past two years it is recognised that The Courtyard has made significant improvements to its financial position and budget monitoring. This has been a significant achievement and it is important that The Courtyard continues to maximise opportunities for earned income, and to seek additional resources for project work. During the course of the Review a number of suggested areas for additional income generation have been identified by the Review Group:

i. Retail Shop

11.2 The feasibility of establishing a retail shop in the entrance foyer should be explored. This area provides a natural 'shop window' for the sale of arts products, books and gifts. While the cost and management arrangements would need to be investigated, this would appear to be a potential additional income stream which could be exploited and which could possibly assist The Friends of The Courtyard to generate funds.

ii. Catering

11.3 Up until Autumn 2003, the financial performance of The Courtyard Trading Company had been disappointing with the company only managing to break even. Efficiency improvements have subsequently been implemented and the results for 2003/4 showed a surplus of £36,180.

11.4 A regular review of the catering at The Courtyard is suggested to ensure that its income generating potential is being maximised. This could include surveys to monitor customer satisfaction and generate feedback on areas for improvement. The eating areas have a very pleasant atmosphere, however the economic viability of the first floor restaurant is questioned. The cost-benefit of franchising out catering to the private sector should be explored and assessed.

iii. Dedicated Cinema

11.5 Further development of film has the potential of being a lucrative activity for The Courtyard. This could help generate additional revenue for the venue and create audiences that could spend on other aspects of the facility. The screening of children's films during the school holidays is an example of a potential activity that could be developed further to increase income. The creation of a dedicated cinema within The Courtyard could potentially be a longer-term aspiration. The feasibility and possible funding for this from sources such as Screen West Midlands could be explored.

iv. Conferences / Corporate Sponsorship

11.6 It is appreciated that Hereford does not have the hotel capacity required for major conferences. The Courtyard offers a quality venue and further expansion of conference trade and corporate catering should be encouraged.

11.7 Although corporate contributions are unlikely to be significant in a rural County like Herefordshire, The Courtyard has been successful in attracting

private sector sponsorship which amounted to approximately £39,000 in 2003/04. While sponsorship should continue to be pursued, it has been suggested that the trust fund sector is likely to be a more lucrative means of income generation.

v. Friends Of The Courtyard

11.8 It is acknowledged that the Friends of The Courtyard make a significant contribution to fund raising and the running of The Courtyard through volunteers. The opportunity for further fund raising and volunteering by the Friends should continue to be explored with support from the Trust.

vi. Music Bands

11.9 It is suggested that the market for live music may be a potential area which could be further developed at The Courtyard. The Courtyard is one of the largest seated venues in the County and hosting modern music concerts could have the potential to generate significant audiences. Specific requirements for a flat floor stage and technical management to facilitate such events would need to be investigated.

vii. Sale of Art

11.10 In its capacity as an arts centre, The Courtyard could look at generating additional income from the sale of arts related goods. Opportunities could include holding arts related design and craft shows at The Courtyard to complement the Herefordshire Contemporary Crafts Fair and generating commission from expanding the sale of exhibited paintings and photographs.

12. Additional Space Requirements

12.1 The availability of space within The Courtyard is a significant constraint on its development. Limited space is particularly an issue with respect to the back stage area, changing rooms and office accommodation.

12.2 In the short term, this is unlikely to be resolved and the efficiency with which space is currently used within the building should be maximised. An analysis of footfall and usage within the building at different times is suggested as a means of assisting this process.

12.3 In the longer term, the use of space should be reviewed more comprehensively. It is suggested that consideration could be given to the location of the main entrance to The Courtyard which may be better located towards the car park end of the building in order to improve access arrangements. The feasibility of extending the building could be explored to provide additional rehearsal space and meeting rooms, and to provide a new studio theatre, enabling the current one to be converted into a dedicated cinema facility. It is appreciated that an extension could decrease the amount of car parking and associated income, however it may be possible to alter the layout to compensate for this.

12.4 Pressure on office accommodation could possibly be assisted by taking on additional premises elsewhere in the town, however, the business case for this would need evaluating. The Review Group understand that the Alloy Jewellers Group, a resident organisation at The Courtyard, contribute to lighting and

heating expenses for their workshop but do not pay rent. While recognising the arts benefits of this organisation, the potential for a rental contribution could be reviewed.

12.5 It is suggested that physical expansion could potentially enable increased provision at The Courtyard to meet growing demand and help generate additional income to improve viability. Additional funding would need to be explored from the private sector or external organisations such as Screen West Midlands or Advantage West Midlands to facilitate any expansion.

13. Ticket Pricing

13.1 As a result of improvements to marketing, over the past year The Courtyard has seen a significant increase in income from ticket sales. For 2004/5, sales up to November were £437,000, compared to £347,000 in 2003/04 and £340,000 in 2002/3. The potential for increasing ticket prices for commercial gain needs to be balanced with providing opportunities for a cross section of the community. Herefordshire has one of the lowest wage rates in the West Midlands region and people have a limited proportion of their income to spend on leisure activities. Too high a price will deter potential users.

13.2 The level at which tickets are pitched, specifically for families and children, can sometimes make a visit to see a show exclusive. The Courtyard has introduced concessionary, schools and community rates. Additional ways, however, of encouraging socially excluded groups and specific users such as students to attend performances should be explored.

14. Visual Arts

14.1 The Courtyard contains gallery space for visual art displays and holds exhibitions throughout the year. Work is chosen by an exhibition panel which includes representation from the Council and arts advisers. The position of the gallery on the second floor of the building is out of the public eye and suffers from water damage caused by a leaking roof. Clearly this is detrimental to the profile of the visual arts activities, and contributes to a situation where sales of work by contemporary Herefordshire artists cannot be maximised.

14.2 There are limited spaces in Hereford and the wider County to showcase visual arts and The Courtyard provides a valuable facility to meet this need. It is suggested that the location and signposting of visual arts at The Courtyard should be reviewed and that options for generating further income from the sale and display of work are explored.

15. Economic Impact

15.1 Hereford is a sub-regional centre for business and tourism. In common with other key arts facilities, The Courtyard makes a significant contribution to the local economy in two ways; directly and indirectly.

15.2 Its direct impact is made up of local spending. For example the amount spent on purchasing supplies locally, or the amount spent on staff wages. The indirect impact takes into account the knock on effect which is generated by the

direct impacts where money spent results in more money being spent in the local economy. An example includes purchasing supplies from a local company which results in that company spending on their staff wages or purchasing other supplies. The Courtyard also helps bring investment and visitors to the County and enhances the visitor experience.

15.3 A formula for calculating economic impact devised by Prof. Dominic Shellard of Sheffield University has been adopted by the Arts Council to calculate a theatre's economic impact. An economic impact study of the Gloucester Everyman Theatre carried out in January 2004 showed a contribution of £9.3M to the local economy. It is suggested that an economic impact calculation is undertaken by The Courtyard to help determine the extent of its benefit to the Herefordshire economy.

16. Friends of the Courtyard

16.1 The Courtyard has a growing and successful Friends scheme. The Friends were set up as a supportive and fund raising arm of The Courtyard and have around 1500 members. The Review Group have been informed that more than £37,000 has been raised over the past four years. These contributions have helped purchase items such as technical stage equipment, computers and furnishings, and provided bursaries and sponsorship to young people.

16.2 Almost all the shows, events and films including those put on by visiting societies and other organisation are stewarded by Friends. Many Friends also offer their time voluntarily to help with mailings and a variety of fund-raising activities, thereby providing a crucial level of support for The Courtyard at no cost.

17. Building Maintenance

17.1 Maintenance of The Courtyard is paid for via a sinking fund set up by the Council. A sum is deducted annually from the Council's core grant and paid into the fund which is jointly managed by the Council and The Courtyard.

17.2 Funding for The Courtyard was agreed before the venue came into use, but because of financial problems, the original agreement has been revised on several occasions. The net effect has been to reduce the amount of money deposited in the sinking fund for essential repairs, renovations and replacements.

17.3 There are long-standing problems with the building relating to the lift and to water ingress through the glazing systems. These relate to the original building construction and have been subject to on-going negotiations between Herefordshire Council and the contractors. It is understood that problems with the lift have been resolved and orders placed for refurbishment and for making the lift compliant with the Disability Discrimination Act. Potential health and safety issues were also identified by the Review Group relating to the design of windows in The Courtyard's offices. These problems, however, should be relatively easy to overcome.

18. Conclusions

i. Benefits of The Courtyard

18.1 The Courtyard plays a central role in the cultural provision for Herefordshire and is a catalyst for the arts generally within the County. It is widely considered as an essential part of the quality of life within the County by its users.

18.2 As Herefordshire is a rural County with a low population base, it is particularly important that there is a recognised centre for the arts catering for a broad range of activity. The Courtyard provides quality arts programming locally which would not otherwise exist. Without the facility the people of Herefordshire would have to travel to other Counties to have access to the arts.

18.3 The Courtyard is involved in a variety of arts activities, however public perception is focused on its role as a theatre rather than an arts centre. Many aspects of The Courtyard's activities, for example, its education and outreach work and support for other local arts organisations are not widely recognised and would benefit from further promotion. While it may be more cost effective to concentrate solely on aspects such as theatre and film, its diversity is considered one of its key strengths. It is acknowledged that in-house production is a highly successful aspect of The Courtyard's work but relatively expensive. The level of activity in this area could be reviewed again in the future as a way of potentially reducing costs while recognising the need to balance this against the delivery requirements of the Arts Council's funding agreement. The potential of working in partnership with other theatres to commission new productions could also be further explored as a way of sharing costs.

18.4 The Courtyard is integral to developing the quality of education in the County. It has been very successful in raising the profile of the arts in schools and in engaging young people in a range of arts related activities. The Courtyard is a very important focal point for pupils, schools and colleges across the County and it is seen as a valuable resource and asset.

ii. Grant Funding

18.5 Herefordshire Council is the principal grant funder of The Courtyard. The core finance provided by the Council is key to the operation of the facility and to helping The Courtyard secure funding from other sources.

18.6 A significant reduction in funding would have serious implications on the levels of service that The Courtyard could be expected to provide, and on the impact that the organisation could hope to have in the future. In particular, a significant reduction in Council funding at the current time would adversely affect the ability of The Courtyard to meet the Arts Council's requirements in their funding agreement. The Courtyard would have less disposable income leading to increased conservatism in its programme and work. This would erode the scope and impact of the deliverable arts services it provides.

18.7 Council budgets remain under considerable pressure and The Courtyard must be able to demonstrate value for money. A budget prioritisation process is currently being undertaken and efficiency savings are being identified across the Council. The funding contribution to The Courtyard should not be exempt from this process. Currently over 50% of the Council's arts budget is allocated to The

Courtyard. It is recognised that there is increasing budgetary pressure on this and other services in the Policy & Community Directorate.

18.8 The Courtyard provides significant benefit to education within the County. It is recommended that the Education Directorate are asked to consider evaluating the benefit of The Courtyard to their service area and alter their financial contribution accordingly in order to decrease the onus on the Policy & Community Directorate.

iii. Commercial Viability

18.9 In recent years The Courtyard has made substantial steps to improve its financial position and bring about positive change in the operation of the facility. This is primarily a result of the dedication and professionalism of its staff and Board.

18.10 The Courtyard is now in a better position to develop further and to show an increased value of return on the Council's investment. While recognising that it is a non-profit making organisation, The Courtyard needs to be financially sustainable and recommendations for additional income generation are suggested to help put the facility on a more sound commercial footing.

iv. New Commissioning Agreement

18.11 The Council's current 7-year funding agreement with The Courtyard ends in March 2005. A new commissioning agreement, negotiations for which commenced prior to the Review, will provide a more structured and focused approach to the Council's funding. The draft 5-year agreement seen by the Review Group represents a new way of working with The Courtyard and will enable the Council to be clear on what services it is purchasing as well as reflecting the priorities of The Courtyard. The inclusion of clearly defined monitoring procedure for the agreement are welcomed by the Review Group.

18.12 It is recommended that the commissioning agreement includes performance indicator targets to specifically monitor the economic and financial viability of the facility. Examples could include levels of earned income, the scale of fundraising achieved and an assessment of economic impact.

18.13 The Review Group understand that in order to enable The Courtyard to plan effectively and to give other funders confidence to invest in the facility the agreement needs to be for a minimum of 3-years.

18.14 Before the 5-year agreement is put in place, it is recommended that The Courtyard is encouraged to consider and implement proposals to further improve income generation and the viability of the facility outlined in this report.

19. Next Steps

19.1 The Review Group anticipate that, if approved by the Social and Economic Development Scrutiny Committee, this report will be presented to Cabinet for consideration. The Review Group hope that the findings contained in this report will form the basis of a funding agreement with The Courtyard. The Review Group also anticipate that further scrutiny or review will be undertaken via reports to the Social and Economic Development Scrutiny Committee in the future.

20. Recommendations

20.1 The Review has highlighted the wide variety and high standard of work undertaken by The Courtyard and the valuable contribution it makes to the local community and to arts provision within the County. The organisation has made significant improvements over recent years and now has the potential to move forward on a more secure commercial footing. Since opening, The Courtyard has made substantial progress and the venue has tremendous opportunity for the future. The following recommendations are made by the Review Group:

20.2 The Council's financial contribution to The Courtyard should not be exempt from any efficiency savings being made within the Policy & Community Directorate.

20.3 The Education Directorate are invited to assess the benefits provided by The Courtyard to their service area and consider contributing a higher level of funding which is more representative of the value of service received in order to reduce the current onus on the Policy & Community Directorate.

20.4 The suggestions for additional income generation measures and improving financial viability contained in this report are considered and actioned by The Courtyard where they are considered financially prudent.

20.5 The Courtyard is offered an interim 1-year funding agreement from March 2005, while proposals for additional income generation and improved financial viability are progressed.

20.6 The Courtyard be invited to report back to the Social and Economic Development Scrutiny Committee in November 2005 to provide an update on the organisation's financial position and progress on addressing the suggestions and recommendations raised in this report.

20.7 On receipt of a satisfactory report, The Courtyard is offered a 5-year commissioning agreement in April 2006.

20.8 At the end of the 1-year agreement if the recommendations have not been satisfactorily addressed, then a further 1-year period should be considered, to give The Courtyard further time to demonstrate its proposals for improved financial viability.

**THE COURTYARD REVIEW
SCOPING STATEMENT & TERMS OF REFERENCE**

1. TERMS OF REFERENCE

- To provide a historical background on the establishment of The Courtyard to the current day.
- To review the contribution Herefordshire Council makes to The Courtyard.
- To consider how best to strike a balance between sustaining a key arts facility and the benefits to the wider community.
- Following the review to advise the Cabinet Member (Community and Social Development) on the best framework to put in place in respect of the future involvement of Herefordshire Council with The Courtyard.

2. DESIRED OUTCOMES

- For the current funding arrangements to be fully examined in an open and transparent way. (subject to confidentiality)
- For Members of the working group to consider and to formulate a range of options on the future of Herefordshire Council's involvement with The Courtyard.
- To establish the wider benefits /or otherwise of The Courtyard Centre for the Arts to the people of Herefordshire.

3. KEY QUESTIONS

- Consider what means of measurement can be used to judge the success or otherwise of The Courtyard.
- By examination of comments and complaints identify the elements of concern.
- To enquire from local user groups their views on The Courtyard and its future.
- To consider the views of the public, interested parties and other funders on the benefits or otherwise of The Courtyard now and in the future.

LIST OF CONSULTEES

Howard Evans	Chairman, Friends of the Courtyard
Colonel Peter Weeks	Treasurer, Friends of the Courtyard
Miss Jessica Robinson	Professional Performer
Ms Nicky Candy	Volunteer
Mrs Janet Williams	Volunteer
Marc Wilkes	Volunteer
Sue Lane	Resident Courtyard Organisation, Alloy Jewellers Group
Dr Ellie Parker	Resident Courtyard Organisation, New Theatre Works
Nina Gustavsson	Resident Courtyard Organisation, Exposure Photograph Festival
Robert Strawson	Resident Courtyard Organisation, Music Pool
Tamsin Fitzgerald	Resident Courtyard Organisation, 2-Faced Dance
Michelle Holder	Resident Courtyard Organisation, DanceFest
Paul Morris	Representative from Amateur Company Chairman, Hereford Amateur Operatic Society
Mrs. Sarah-Jane Price	Representative from Amateur Company Hereford Academy of Dance
Mrs. Sue Maud	Exhibition Selection Group member
Miss Stephanie Edmonds	Team Leader (Arts), Arts Council England, West Midlands
Mr Colin Walker	Regional Director, Arts and Business West Midlands
Steve Chapman	Head of Funding & Policy, Screen West Midlands
The Right Reverend Anthony Priddis	The Lord Bishop of Hereford, Regional Cultural Consortium
Matt Watkins	Professional former Youth Theatre Member
Mr Sam Meehan	User of Youth Theatre
Leoni Linton	User of Youth Theatre
Mina Nakamura	User of Youth Theatre
Ellen Body	User of Youth Theatre
Martin Moxley	John Masefield School for the Performing Arts
Julie Duckworth	Headteacher, Clehonger School
John Sheppard	Headteacher, Haywood High School
Richard Heatly	Principal, Hereford College of Art & Design
Dr Jonathan Godfrey	Principal, Hereford Sixth Form College
William Lyons	Area Manager, Chamber of Commerce Herefordshire & Worcestershire
Phil Edwards	Community Safety Unit
Linda Arnold	Hereford Concert Society
Nic Millington	Rural Media Company
Natalia Silver	Cultural Services Manager, Herefordshire Council
Greg Evans	Principal Accountancy Manager, Herefordshire Council
Stuart Gent	Head of Property Services, Herefordshire Council
Ted St. George	Head of Inspection Advice & School Performance, Herefordshire Council
Jon Ralph	Community Youth Service Manager, Herefordshire Council
Mel Bateman	Principal Arts Officer, Herefordshire Council

EXAMPLES OF COMMENTS RECEIVED IN CONSULTATION

'Our school does a lot of things there we enjoy; being an audience to the pantomimes and musicals, activity days every year, dance clubs, drama clubs and young farmers.' (Pupil - Stretton Sugwas C.E. School)

'The Courtyard provides excellent unparalleled facilities and opportunities for the appreciation and performance of the arts, both participatory and non participatory' (Hereford Concert Society)

'It has a skilled and dedicated staff that work as a close-knit team without whom no productions would succeed' (Friends of the Courtyard)

'It's an unmatched facility used by the broadest spectrum of the community' (Arts & Business West Midlands)

'a significant reduction in funding would have serious implications on the levels of service that The Courtyard could be expected to provide' (Arts Council, West Midlands)

'we really want to become brilliant actors and dancers but if we didn't have anywhere to perform in Hereford then we would probably never ever have our dream come true' (Student, Hereford Academy of Dance)

'meeting rooms are poor quality, cramped and noisy, pedestrian access is poor' (Herefordshire College of Arts & Design)

'Hereford without The Courtyard would be like a full board hotel without breakfast, lunch or dinner.' (Member of the public)

'A flagship for the Arts Council and lottery funded venture that is working' (Hereford Amateur Operatic Society)

'Lots of pupils from our school visit the theatre every year for trips and it is very enjoyable' (Pupil, Burghill Primary School)

'The Anne Frank exhibition is an example of the way The Courtyard has successfully projected anti-racism and diversity amongst schools.' (Community Safety and Drugs Partnership)

'The contribution it makes to the economic and social fabric of the county will continue to be vital and should be maintained' (Hereford Sixth Form College)

'The building is a marvellous feature of Hereford and on entering the vibrant, welcoming atmosphere is apparent' (Volunteer at The Courtyard)

'As a family, we regularly attend productions at The Courtyard. These productions are generally of extremely high quality, and are always stimulating and enjoyable.' (Member of the public)

LIST OF INTERVIEWEES

Margaret Thomas	Chair of Trustees, The Courtyard
Martyn Green	Chief Executive, The Courtyard
Todd Fower	Finance Manager, The Courtyard
Richard Heatley	Principal, Herefordshire College of Art & Design
Stephanie Edmonds	Team Leader, Arts Council England West Midlands
William Lyons	Area Manager, Chamber of Commerce H&W
Howard Evans	Chairman, Friends of The Courtyard
Janet Willams	Courtyard Volunteer
Paul Morris	Chairman, Hereford Amateur Operatic Society
Paul Murray	General Inspector, Education Directorate, Herefordshire Council
Greg Evans	Principal Accountancy Manager, Herefordshire Council
Geoff Cole	Head of Culture & Leisure, Herefordshire Council
Natalia Silver	Cultural Services Manager, Herefordshire Council
Stuart Gent	Head of Property Services, Herefordshire Council

Annual Financial Performance Since Opening
(Source: The Courtyard)

	Year ended 31-Mar-99	Year ended 31-Mar-00	Year ended 31-Mar-01	Year ended 31-Mar-02	Year ended 31-Mar-03	Year ended 31-Mar-04
	£000	£000	£000	£000	£000	£000
INCOME						
Turnover	274	484	523	449	509	597
Council Grant	338	282	285	290	295	300
Other Grants	16	26	82	112	77	218
Donations/sponsorship	24	19	9	37	32	39
Sundry	13	10	27	35	34	27
Trading company	132	158	16	251	361	384
	797	979	942	1,174	1,308	1,565
EXPENSES						
Production costs	280	393	430	396	422	536
Marketing costs	66	44	56	66	65	60
Other costs	344	420	420	504	593	621
Trading company	174	179	19	241	365	347
	864	1,036	925	1,207	1,445	1,564
Net deficit	-67	-57	17	-33	-137	1
Cumulative deficit	-67	-124	-107	-140	-277	-276

APPENDIX VI

Herefordshire Council Financial Assistance
(Source: Herefordshire Council)

Year	1	2	3	4	5	6	7
	Inflation @ RPI	1999-2000 Inflation @ RPI	2000-2001 Inflation @ RPI	2001-2002 Inflation @ RPI	2002-03 Inflation @ RPI	2003-04 Inflation @ RPI	2004-05 Inflation @ RPI
Courtyard Grant Funding							
Core Funding	205,000	208,280	212,029	216,482	221,028	226,112	231,765
Repairs and Renewals	13,000	13,208	13,446	13,728	14,016	14,338	14,696
Discretionary sum	60,000	60,960	62,057	63,360	64,691	66,179	67,833
Total grant due to Courtyard	278,000	282,448	287,532	293,570	299,735	306,629	314,294
Less:							
Residual balance		1,000	2,000	3,500	5,000	6,500	8,000
Loan: Principal			15,000	10,000	15,000	15,000	15,000
Interest			4,340	3,200	2,400	1,500	600
Total grant paid to Courtyard	278,000	281,448	266,192	276,870	277,335	283,629	290,694
Additional payments made							
loans to assist with cashflow and trading position		75,000					100,000
Payments from sink fund	20,000		35,000				
Total payment to Courtyard	298,000	356,448	301,192	276,870	277,335	283,629	390,694
Internal transactions							
Capital funding repayment	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Sinking fund contribution	0	20,000	5,000	20,000	20,000	20,000	20,000
Total cost to Council	338,000	0	346,192	336,870	337,335	343,629	450,694

REVIEW OF SUPPORT TO THE VOLUNTARY SECTOR

Report By: Director of Policy and Community

Wards Affected

County-wide.

Purpose

1. To note the position in relation to the review of support to the voluntary sector.

Background

2. The review of support to the Voluntary Sector was considered by the Strategic Monitoring Committee on 12 January, 2005. As a cross-cutting review, it was within that Committee's remit, but built on work commenced by the Social and Economic Development Scrutiny Committee because the majority of grants were distributed through the Policy and Community Directorate.
3. It was considered that this Committee should be formally informed of the Strategic Monitoring Committee's decision, which is appended.
4. The review will now be reported to Cabinet who it is expected will consider the matter at one of its meetings in February.

RECOMMENDATION:

THAT the position be noted.

BACKGROUND PAPERS

- None identified.

**DECISION OF THE STRATEGIC MONITORING COMMITTEE ON 12 JANUARY 2005
RELATING TO THE REVIEW OF SUPPORT TO THE VOLUNTARY SECTOR.**

RESOLVED:

- That: (a) recommendations as set out in the Executive Summary of the review of Council support to the community and voluntary sector, as set out in appendix 1 to these Minutes be approved, forwarded to Cabinet for consideration and also made available to the Budget Panel WITH THE EXCEPTION OF RECOMMENDATIONS 21 and 22 and SUBJECT TO:**
- (i) in relation to recommendations 9 and 14, Cabinet being requested to give careful consideration to the role of Local Members and ways in which the relevant Scrutiny Committee Chairman could be involved in the consideration of grant applications prior to a decision being made;**
 - (ii) in relation to recommendations 15-19 relating to use of service level agreements it being emphasised that arrangements should be made to ensure that such agreements should be proportionate and as simple and flexible as possible taking care to avoid overburdening and hindering voluntary organisations;**
 - (iii) it being noted that periods of notice referred to in recommendations set out in the review would require adjustment if it was decided to proceed in issuing such notices.**
- (b) Cabinet be recommended to seek further evidence to inform its decision in relation to recommendation 21 and the associated recommendation 22 noting the Committee's rejection of these recommendations on the grounds that there was insufficient evidence in the review report to support the recommendations;**
- (c) that if consideration is to be given to reducing funding to the Community and Voluntary Sector in preparing the Council's 2005/2006 budget regard be had to the recommendation that this be done in stages as set out in section 8 of the review report, as reflected in appendix 2 to these Minutes.**

**RECOMMENDATIONS OF THE REVIEW OF HEREFORDSHIRE COUNCIL SUPPORT TO
THE COMMUNITY AND VOLUNTARY SECTOR AS SET OUT IN THE EXECUTIVE
SUMMARY**

GENERAL

1. That support to the Community and Voluntary sector should be properly recorded where officers complete individual work programmes and time recording sheets.
2. That market testing of service options be considered or takes place in appropriate service areas.
3. That a Council Community and Voluntary Sector support strategy be drawn up and adopted as soon as possible.
4. That individual Council Departments examine the scope for including the Community and Voluntary Sector in achieving their strategies' objectives.

VOLUNTARY SECTOR GRANTS

5. That the current funding by percentage guideline allocations be discontinued.
6. That the current two annual bidding rounds be replaced by a single bidding round. Alternatively, that voluntary sector grant applications be made on a rolling basis and considered at quarterly intervals.
7. That funding for more than one year should not be provided by grants but through Service Level Agreements where appropriate.
8. That grant applications be considered on merit against criteria, which have been revisited, strengthened and made more transparent.
9. That once the grant criteria have been revised the allocation of grants be delegated to officers, with the relevant Cabinet Member being consulted, along with the local Member where appropriate, in line with best practice of similar grant schemes operated by Herefordshire Council.
10. That the Voluntary Grants Scheme monitoring system be made more robust to facilitate a detailed evaluation of the effective use of grant funding, and its impact on Herefordshire and its residents.
11. That individual managers be made responsible for monitoring the satisfactory performance of grants relating to their service areas. That grants be conditional and only given in return for agreeing to meet a range of responsibilities.

12. That a limited amount of funding, to be agreed by the Cabinet Member, be ringfenced for the areas of greatest need within Herefordshire as measured by the Index of Multiple Deprivation Super Output Areas.
13. That funding be conditional upon the organisation in receipt of a grant having diversity and equal opportunities policies in place, which are acceptable to Herefordshire Council.
14. That an appraisal panel replace the practice of single officer appraisal of grant applications.

Service Level Agreements

15. It is recommended that SLAs be established with organisations that receive significant support (such as Age Concern), but that this be reviewed once the CVS support strategy has been approved.
16. That Service Level Agreements be made more specific and linked to required and measurable outputs and outcomes.
17. That clear and robust criteria be introduced against which Service Level Agreements should be monitored.
18. That any new or renewed Service Level Agreements be drawn up using the checklist of headings and guidance as outlined in this report.
19. That rolling Service Level Agreements should not routinely be entered into, but be used where this is appropriate.

Infrastructure Organisations

20. That the Council endorses Community and Voluntary services continuing to be provided locally.
21. That funding for Community Voluntary Action Ledbury & District be withdrawn at the conclusion of the existing Service Level Agreement on the 31st March 2005, as there is no economic justification for supporting Community Voluntary Action Ledbury & District as a separate organisation.
22. That such notice to Community Voluntary Action Ledbury & District be given as early as possible.
23. That no more projects be awarded to Community First without a competitive tendering exercise taking place, and that this should apply to existing projects where the appropriate notice can be given.
24. That Herefordshire Association of Local Councils be warned of the implications of not meeting their Service Level Agreement monitoring requirements. In the event that Herefordshire Association of Local Councils fails to provide the monitoring information as outlined in the Service Level Agreement action be taken to terminate the Service Level Agreement.
25. That the Compact agreement between the PCT, the Social Care and Strategic Housing Directorate (the Council) and the Alliance should be reviewed according to

Further information on the subject of this report is available from
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the terms in the COMPACT and by the Joint Health and Social Care Commissioning Group.

26. That collaborative working arrangements be pursued with Citizens Advice Bureaux, ABLE and Welfare Rights Team, but if this is not achievable that the Welfare Rights Team service be market tested.
27. That the Council continues to fund Citizens Advice Bureaux at least at existing levels whilst the option of partnership working with ABLE and the Welfare Rights Team are explored in more detail.
28. That suitable parcels of work involving community activity be tendered, such as community surveys or activities along the lines of Planning for Real exercises.
29. That the Race Equality Partnership be asked to consider the transfer of the service to the Community and Voluntary Sector. This can probably be best achieved by commissioning the activity with an individual Infrastructure organisation, or undertaking a market testing exercise.
30. That the Strategic Housing Department places more of a rural focus into the job description of one of its current Housing Officers.
31. That the Herefordshire Council Lifelong Learning Development Unit considers the scope for using the Community and Voluntary Sector to deliver a larger proportion of adult learning activity.
32. That some services be considered for market testing either for provision by the Community and Voluntary Sector or to be retained in-house. These are:
 - Work that involves going out into the community.
 - Parish plans consultation.
 - Community Development Co-ordinator.

Recommendations of the Review of Herefordshire Council Support to the Community and Voluntary Sector as set out in Part 8 of the Report giving the Review Team's views on action the Council might take in relation to the funding challenges in setting its 2005/2006 and future budgets

The Council could conclude that the CVS also needs to face some reduced funding. If this were to be the case the Review Team strongly recommends that this should not be done arbitrarily with, for example, an across the board reduction. To do so could risk the financial collapse of at least one key organisation.

If funding is reduced the Review Team recommends that this be done in stages, as follows.

- a) Suspension of the Voluntary Sector Grants scheme. This would achieve a saving of up to approximately £160,000 per annum. In theory this would have the least impact on the CVS, as grant funding was always intended to be one-off support for new projects. We stress the words "in theory", as the review showed many organisations have become overly reliant on this funding. However Age Concern receives funding of around £29,000 per annum from the Voluntary Grants scheme. The Review Team did not specifically look at this support as Age Concern is not an infrastructure organisation nor does it have an SLA with the Council. It was therefore outside the terms of reference of the review. A number of references were made to us about the apparently disjointed structures of Age Concern in Herefordshire. Support for Age Concern needs to be separately examined.
- b) We have already recommended the withdrawal of CVALD funding of approximately £10,000 per annum. This should be retained until a Herefordshire wide Voluntary Action body is established and a new SLA agreed using the funding currently allocated for HVA and CVALD. It should be possible to agree an overall modest reduction, by negotiating with a whole County Voluntary Action body, as there ought to be some economies of scale.
- c) Community First costs are thought to be excessive and a reduced level of funding should be offered for the same level of service in relation to project activity. Community First should agree to cost reductions or a reduction in core funding support should be implemented. In such an event Community First services should be put out to tender wherever possible.
- d) The Review Team recommends that there be no reductions in funding to the CAB. Indeed there is Review Team support for examining the scope for increasing CAB funding in the short-term. This position should be reviewed as part of an exercise to examine partnership working with CAB, ABLE and Welfare Rights.
- e) The Welfare Rights Team has not provided evidence of value for money from their service, and it is recommended this service be market tested if partnership working with CAB, ABLE and Welfare Rights is not successful.

- f) The Review Team recommends that there be no short-term reductions in funding to HVA but that this position be reviewed as part of the intention to support a single Countywide Voluntary Action body.
- g) The Review Team recommends that there be no reduction in funding to HCVYS. This body has demonstrated it offers value for money.
- h) The Review Team recommends that there be no reduction in funding to HALC, on the limited evidence we have that it offers a good service. The Review team stresses that this recommendation is conditional on HALC meeting the terms of its SLA. The Council should consider removal of funding if HALC fails to comply fully with its SLA.
- i) The Review Team recommends that there be no change to the SLA with ALLIANCE. This 5-year SLA has only been in existence since the 1st April 2004, and it is inappropriate to alter an agreement so soon after signing.