



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**

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- ...Promoting** our county
- ...Providing** for our communities
- ...Protecting** our future

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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)

APPENDIX IV

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 £000	Year ended 31-Mar-00 £000	Year ended 31-Mar-01 £000	Year ended 31-Mar-02 £000	Year ended 31-Mar-03 £000	Year ended 31-Mar-04 £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
	<u>797</u>	<u>979</u>	<u>942</u>	<u>1,174</u>	<u>1,308</u>	<u>1,565</u>
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
	<u>864</u>	<u>1,036</u>	<u>925</u>	<u>1,207</u>	<u>1,445</u>	<u>1,564</u>
Net deficit	-67	-57	17	-33	-137	1
Cumulative deficit	-67	-124	-107	-140	-277	-276

**Herefordshire Council Financial Assistance
(Source: Herefordshire Council)**

Year	1		2		3		4		5		6		7
<u>Coutyard Grant Funding</u>	1998-99	Inflation @ RPI	1999-2000	Inflation @ RPI	2000-2001	Inflation @ RPI	2001-2002	Inflation @ RPI	2002-03	Inflation @ RPI	2003-04	Inflation @ RPI	2004-05
Core Funding	205,000	3,280	208,280	3,749	212,029	4,453	216,482	4,546	221,028	5,084	226,112	5,653	231,765
Repairs and Renewals	13,000	208	13,208	238	13,446	282	13,728	288	14,016	322	14,338	358	14,696
Discretionary sum	60,000	960	60,960	1,097	62,057	1,303	63,360	1,331	64,691	1,488	66,179	1,654	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
<u>Additional payments made</u>													
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
<u>Internal transactions</u>													
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	416,448		346,192		336,870		337,335		343,629		450,694

