

Agenda Item

REPORT OF Head of Communities and Place

To: Community and Resources Committee

Subject: The Plough Arts Centre

Date: 30th January 2023

Reference:

PURPOSE OF REPORT:

To bring an update on the Plough Arts Centre and to consider whether it is possible to provide the organisation with revenue support.

1. INTRODUCTION

In September 2020, the Finance Manager & Interim S151 Officer presented the report, the purpose of which was to update Members on the latest financial position of the Plough Arts Centre following the decision made by Community & Resources Committee on the 16 March 2020 to support the Plough with a one off grant contribution of £25,000 in light of the subsequent changes that have occurred at the Plough due to the Covid-19 lockdown.

Committee resolved that the funding of £25,000 be released and that this matter be included on the Forward Plan for September 2021 for Members to consider whether to release a further £25,000.

In October 2021 a further report was presented to committee (as requested above).

The Finance Manager (S151 Officer) presented this item and updated Members on the latest financial position of The Plough Arts Centre, Torrington, following on from the decision made by Community & Resources Committee on 7 September 2020 to support them with a one off grant contribution of £25,000.

At that meeting it was resolved that Torridge Officers continue to work with the Management of The Plough over the coming months in relation to the Business Plan, to ascertain the ongoing viability of The Plough in a post Covid-19 restriction world, with a view to bringing an updated report Community & Resources Committee for consideration.

This report provides the current position following the discussions that have been held between the organisations and concludes with a request from the Plough that the Council provides core funding to support the organisation.

2. REPORT

Subsequent to initial discussions held with the Plough, that followed the decision to provide a one-off funding contribution of £25K the Council has received three documents from the Plough, both attached.

- Plough Business Plan 2022-2025 (Appendix 1)
- Plough Budget report as at September 2022
- FA Monitoring finances – 23/24

With regards to the Business Plan the document attached doesn't provide a costed budget for the period 2022-2025. The most recent budget provided was for 2023-24 shows:

- a) The Plough is forecasting a breakeven position for the financial year 2023 (April 2023 – March 2024). Largely due to receiving £120k from Arts Council for NPO/ISPO.
- b) There isn't a breakdown of the anticipated local authority contributions @ £50k included within the budget.
- c) As at the close of March 2024 they are projecting to have cash balances of circa £159k, assuming they receive £50k in total from local authorities.
- d) The Business Plan refers to substantial designated reserves, it doesn't provide a breakdown but in total they are £283k.

The Business Plan, in the finance section, makes reference to:

- a) An increasing box office income by 6% per annum over the next three years
- b) Stronger fundraising as a means of generating income
- c) Increasing ancillary sales
- d) the anticipation of a range of support from local authorities in the area to support activities.

The Plough budget report as at September 2022 shows the organisation receiving £25k in Local Authority Grants, it is assumed this refers to funding from Great Torrington Town Council £10k and Barnstaple Town Council £15k.

National Portfolio Organisation Status

From April 2023 the Plough will become a National Portfolio Organisation (NPO) and as in November 2022 they received a conditional offer of core support of £120,000 per year for three years. The specific conditions are unclear at the time of writing this report.

At that time Chair of the Trustees, Hugh Wormington, added *“This excellent news will enable us to play a full and equal part in the arts & community infrastructure of Northern Devon as we rebuild our audience base and initiate new community projects, so that we can work towards celebrating the 50th anniversary of the venue in three years’ time. It is also dependent on garnering fresh support from funders (including TDC) and ongoing support from businesses and supporters that have assisted us to date. This historic funding announcement is testament to the commitment and endeavours of all our staff and*

volunteers, over many years, alongside everyone who currently values and supports the venue.” Source <https://www.theploughartscentre.org.uk/press/plough-welcomes-historic-funding-news>

In discussions with the Plough about future funding the following was reported to have been included in the NPO application.

There is an anticipated £33K specific increase from local authorities (as annual grants) with particular reference to funding outreach expansion. We are aiming to be a lead body in achieving the geographical aspirations of the new Northern Devon Cultural Strategy (and more generally, Levelling Up).

And this is an excerpt from the Arts Council assessment of the NPO bid:

FINANCE The request is for £360K over three years at 17% of turnover representing reasonable value for money for the scope and scale of work, with good LA support (£58K). The balance sheet evidences current financial stability with £266,113 net assets and a current ratio of 2.8, the budget is projecting break even over three years although there is a risk in relation to the depletion of reserves over that period. Should an award be made we would need to agree SMART objectives with regards to how that risk will be managed and mitigated.

The Plough have informed the Council that they did add qualifications in bid the text around LA support (they already get 10k from Great Torrington Town Council, £15k from Barnstaple town - and that they didn't say the target of £25k from TDC was confirmed). Source -Peter Stiles, The Plough.

3. IMPLICATIONS

Legal Implications

The Council has no legal obligation to provide support for discretionary activity.

Financial Implications

The Council in setting its budget 2023/24 and Medium Term Financial Strategy (MTFS) has not included recurrent funding to the Plough of £25k per annum. The MTFS report to Community & Resources of the 30th January shows a cumulative deficit over the period of £1.2m.

Should members want to commit the Council to fund the Plough annually to the tune of £25k per annum, then the cumulative deficit will rise by £125k to £1.325m.

Human Resources Implications

None

Sustainability Implications

None

Equality/Diversity

None

Risk Management

Any decision will need to balance public finance, compliance with legislation and reputation.

Compliance with Policies and Strategies

All regulatory activity will be carried out in accordance with current policy and procedures.

The Plough are an important delivery partner for the Northern Devon Cultural Strategy.

Data Protection (GDPR) Implications

None

Lead Member Views

Councillor Cottle-Hunkin – Consulted 23/01/23

”As we all know, The Plough Arts Centre is such a fantastic asset to us here in Torrington and beyond. Its offer is wide-ranging, from youth theatre, art masterclasses and exhibitions, workshops for adults with additional needs, social prescribing, community events (such as the recent free Christmas dinner for people on their own over Christmas), as well as their productions, shows, music and cinema. We can clearly see that the Plough benefits people from all walks of life, all ages and all backgrounds, attracting people from across the region. This has now been recognised nationally by the Arts Council England who has awarded them National Portfolio Organisation status, and as the local District Council we should be showing our commitment to the great work that they do through regular core funding. This continued support will also help The Plough when applying for future external grants. Let’s not forget the value for money this will offer and will also help us to meet our key strategic aims towards arts and culture, health and well-being, the economy and vibrant town centres, as well as raising aspirations for our young people in Torrington.”

4. CONCLUSIONS

The Plough is a much-valued cultural resource for the residents of Torrington and those further afield. In addition, it is a valuable asset for Great Torrington that adds vibrancy and vitality to the town centre.

The organisation has achieved NPO status and has ambitious plans to deliver a high-quality service, develop their audience and ensure good management and governance.

The Plough have not yet provided the 3-year costed business plan. The attached documents infer that this document remains under development and will be completed with the organisation better understand the financial support that might, or might not, be available to them.

The Council has not budgeted to provide the anticipated £25K support that is anticipated by the Plough. The Council has not in fact budgeted to provide any ongoing financial support to the organisation beyond the £25K already granted.

The latest budget figures provided show that even if Torridge were not to make a financial contribution the organisation would still have cash balances significant enough to continue its operation in 23/24.

It is understood that funding from the Council is not an essential prerequisite for the organisation to be able to draw down NPO funding. It has though been suggested that a contribution from the Council would demonstrate local support and commitment to the organisation and make future NPO applications more robust.

In November the Council approved a £50k ring-fenced capital pot for culture in the Rural England Prosperity Fund. When launched (23/24) it is anticipated that the Plough could apply for capital support from that fund.

5. RECOMMENDATIONS

That, in the knowledge that the Council's Medium Term Financial Strategy report shows a cumulative deficit of £1.2m, members should resolve upon whether or not to provide a contribution towards the core running costs of the Plough and if so, over what period.

SUPPORTING INFORMATION

Consultations: SMT, EDO, Lead Member. Peter Stiles

Contact Officer: Sean Kearney

Background Papers: