

# CABINET

## Service Level Agreement Storey Gallery 2012 – 2013 4<sup>th</sup> December 2012

### Report of Head of Community Engagement

PURPOSE OF REPORT				
To seek members views as to future arrangements regarding the Council's Service level Agreement with the Storey Gallery.				
Key Decision		Non-Key Decision	X	Referral from Cabinet Member
Date Included in Forthcoming Key Decision Notice			n/a	
This report is public				

#### RECOMMENDATIONS OF HEAD OF COMMUNITY ENGAGEMENT

That Cabinet considers the request attached at Appendix A.

#### 1 Introduction

1.1 Cabinet, at its meeting on the 9 October 2012, considered a report seeking members' views as to future arrangements regarding the Council's Service Level Agreement with the Storey Gallery.

1.2 Cabinet resolved unanimously:

- (1) *That Cabinet recognises that the grant to the Storey Gallery company is in two parts. A £27,100 ring fenced grant for the purpose of rent and £10,700 for artistic activities.*
- (2) *That the ring fenced grant of £27,100 be no longer allocated to the Storey Gallery company but used to support the future management and operation of the Storey Gallery space as it is essential for the management of this space.*
- (3) *That the £10,700 grant be held back until detailed proposals regarding any specific project are brought forward by the company for consideration by Cabinet.*
- (4) *That any proposals brought forward should indicate the likely financial support of the Arts Council, Lancashire County Council and/or other funding bodies as appropriate.*

- 1.3 This report provides further information in respect of resolutions 3 and 4.

## 2 Report

- 2.1 Since the October meeting of Cabinet there has been ongoing correspondence with the Storey gallery company concerning their future business model.
- 2.2 An email proposal was submitted to the Council on the 13 November 2012. The email asks Cabinet to agree to a series of proposals by the Storey Gallery company and these are set out in **Appendix A**.
- 2.3 In terms of the company's new direction, no further information is available to assist Cabinet, other than to quote from the company's consultant's report that was presented to Cabinet last time:

"Our revised vision and plan focuses on the delivery of a variety of art projects outside the gallery, but in the local area, and involves the collaboration and cooperation of a variety of both local residents and regional organisations. We think that this mode of operation could be delivered with the support of the project grants, and could expand and contract as available resources allow. We also think that it has the potential to reach and engage a larger and more diverse audience than we were able to do through gallery exhibitions, and so it could provide increased value money.

You will find that, as I suggested when we met, this plan involves little if any use of the gallery spaces in the Storey Institute. We were reluctant to take such a step as the physical gallery spaces are a significant asset, and they provide an ideal place to display certain types of visual art practices. However, we concluded that, given the reduced level of funding which we are now receiving, and can expect to receive in future, we will not have the resources to continue to run a continuous programme of gallery exhibitions. We would still be interested in organising occasional exhibitions, but this might depend on the future management arrangements for the building."

- 2.4 In terms of the third part of the company's request, Officer's views are that it is for the company to decide whether it wishes to apply to the Arts Council for funding, rather than it being a matter for the Council.

## 3 Details of Consultation

- 3.1 There has been ongoing dialogue with the Storey Gallery company since Cabinet's meeting in October.

## 4 Options and Options Analysis (including risk assessment)

- 4.1 The options are to:

- 1 Accept the proposals put forward by the Storey gallery company, subject to gaining clarity on the funding of its future 'infrastructure' costs (see financial implications).
- 2 Reject or amend in some way the proposals put forward.

No specific officer recommendation is put forward, but attention is drawn to the comments in section 2 above.

## 5 Conclusion

- 5.1 The City Council has had in place a longstanding SLA with the Storey Gallery company. The current financial and operational difficulty the company is facing has led to the closure of the gallery space and a review of its current operational and financial arrangements. The proposal put forward by the Storey Gallery company attempts to find an interim solution the company's current difficulties, to give it time to determine its future.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Corporate Plan Economic Growth priority: Support arts in the district working with the Arts Partnership.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

No issues at this stage – would be taken into consideration during the development of any new arrangements.

### **LEGAL IMPLICATIONS**

There are no legal implications arising as a result of this report.

### **FINANCIAL IMPLICATIONS**

The Council has made provision within its revenue budget for a grant of £10,700 for artistic activity.

As an indication, for the space currently occupied by the company, rent and service charges for the period October to the end of February are estimated at around £1,500.

Going forward, the company's position will be determined by its success or otherwise in attracting funding from other bodies. If unsuccessful, then the company would need to vacate its premises by the end of the specified period. (i.e. February 2013). There would be no flexibility to extend this. Any recovery action for rent and service charge arrears would depend on the company's financial position at that time, but in the event that repayment was impossible, the City Council would draw on the £10,700 to cover the costs of any write off.

If successful in attracting external funding, the company would still need to address its 'infrastructure' costs or overheads and if, as the request says, Arts Funders will only support 'programme' and this excludes overheads, then there is no obvious way that the company could be viable in future in any event, based on the information available. It therefore follows that if Cabinet is minded to support the company's request, this issue would need to be clarified. Cabinet has already decided not to provide rent and service charge support on an ongoing basis – this new request is presented as an interim option only.

### **OTHER RESOURCE IMPLICATIONS**

**Human Resources:** None

**Information Services:** None

**Property:**

Subject to agreeing terms, the Storey Gallery company currently occupies accommodation in

The Storey, a building owned by the City Council.

**Open Spaces:** None

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and her comments reflected in the report.

**MONITORING OFFICER'S COMMENTS**

The Deputy Monitoring officer has been consulted and has no observations to make on this report.

**BACKGROUND PAPERS**

**Contact Officer:** Richard Tulej  
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**Ref:**

## **APPENDIX A**

### **Email received 13 November 2012.**

Dear Mark

Thank you for your note of 8 November and the helpful suggestions contained within it.

You are correct in thinking that we need to retain an office base in order for us to develop funding applications. So, reflecting on your suggestions, Storey Gallery would like to make the following proposals to Cabinet.

We would like Cabinet to:

Agree to underwrite rent and service charges on the office we currently occupy in the Storey Institute until the end of February 2013.

Agree to support in principle our proposed new direction (noting the existence of such support from County Council and Arts Council).

Confirm that it wishes Storey Gallery to make an application to the Arts Council, and other sources, to deliver this work.

The reasons for structuring our proposal in this way are as follows:

The amount of work required to put together an Arts Council application is substantial. It is clear from our discussions with the Arts Council that any proposal to them will only be successful if some form of matched funding is available. While an indication of City Council support for our programme is not a guarantee of success it is clearly a very significant contribution, and the absence of such support would almost certainly guarantee failure in our current context.

The underwriting of our office rent and services would act as in-kind matched funding. Arts funders, including the Arts Council, will support programme, but not the infrastructure required to run the Gallery.

Given the very limited resources now available to us, we believe that it is in everyone's interests to have an open discussion about our proposed new direction and the likelihood of success in gaining funding for its implementation. Finally, we do wish to make clear (and we say this in the interests of not misleading anyone) that should our funding application not be successful, then it is very unlikely that Storey Gallery would have the funds available to pay for the rent and service charges for the period covered under the underwrite. This situation reflects the position that has been implicit in the relationship between Storey Gallery and the City Council for many years.

I hope that these proposals can be brought to Cabinet as soon as possible to allow us all to proceed in an agreed way. If any of the above needs amplification or clarification, please let me know.

Yours sincerely

John Angus