

CHELTENHAM FESTIVALS

1. Introduction

This is a progress report to the Overview and Scrutiny Committee on the implementation of the recommendations made concerning Cheltenham Festivals in the report by David Pratley Associates, entitled "Culture in Cheltenham – Planning for a Sustainable Future" dated February 2006.

Cheltenham Festivals was a co-funder with CBC and the Arts Council of the above report and welcomes this opportunity to review progress.

2. Externalisation of Cheltenham Festivals

The overarching recommendation of the Report was to accelerate the externalisation of the Festivals and this has been achieved. The externalisation has been achieved very smoothly and there has been a high degree of co-operation between CBC and the Festivals in arriving at practical solutions.

The Festival company now employs its own staff whereas formerly staff were seconded to the Festivals on CBC contracts. The Festivals has its own chief executive and thanks to a 5-year in-kind sponsorship deal with HSBC Bank it has secured its own office accommodation.

2.1 Conversion of CBC in-kind support to cash

Traditionally, the major part of the grant given to the Festivals was in-kind support with less than £40,000 being given in cash. This has included finance functions, ICT, human resources, payroll, website, venue hire, chief executive and administration, marketing and box office subsidy.

The Report recommended that negotiations should take place for the conversion of in-kind support to cash so that the Festivals would be free to purchase their own services. The results of the negotiations over in-kind support are as follows.

ICT – CBC continues to provide ICT to the Festivals as part of an in-kind grant and the Festivals believe this to be a very satisfactory and helpful arrangement. The service provided by ICT has been excellent and this seems a good way for CBC to support the Festivals.

Finance Function – as part of the in-kind grant the festivals continue to be granted the use of APTOS and CBC provides purchase ledger facilities for the Festivals. This is an arrangement which is of great benefit to the Festivals. The Festivals Company employs its own full-time Finance Manager and previous part-time finance support provided by an employee of CBC has been converted to a cash grant.

Human Resources and Payroll – the Festival company no longer uses the human resources services of CBC but provides its own. No compensation was provided for the loss of this in-kind service which has been absorbed by the Festivals. The

Festivals continue to use CBC payroll services as part of the in-kind grant and this is most satisfactory.

Website – the website was a joint site with the Festivals, Town Hall and Pump Room. The Festivals have now assumed all running costs of the site and the Town Hall and Pump Room have developed their own site. CBC is seeking an Arts Council grant to upgrade the Festivals website as having been a joint site it is no longer of the required quality. However, the Festivals will continue to work with CBC wherever possible and one of the arguments used in the application to the Arts Council for a website for the Festivals is that the website will help to drive traffic to all other cultural organisations in the town as there will be links.

Venue Hire – the withdrawal of the venue hire subsidy for the festivals is part of the £150,000 revenue withdrawal by CBC over 4 years and is ongoing.

Chief Executive and administration – the Festival Company has its own chief executive and administration and no cash grant was received for the loss of this in-kind provision formerly provided by CBC. The cost has been absorbed by the Festivals and is one of the reasons that the Festivals recorded a substantial loss in 2006.

Marketing Staff - marketing support was previously provided to the Festivals by CBC staff. In the externalisation process some of the CBC spend on marketing staff was converted to a cash grant to the Festivals so that the Company could employ its own marketing staff.

Box Office Subsidy – this is also part of the withdrawal of revenue subsidy of £150,000 and is ongoing.

Obviously, having to absorb a number of major costs previously provided as in-kind support by CBC has stretched the Festivals' company financially. However, the negotiations were concluded satisfactorily and a good working relationship has been established between the two organisations.

3. Financial Support

The support provided to the Festivals by the Borough Council on latest estimates will be reduced from 17% to 5% of CF's total turnover by 2008-9, a reduction of 12%. The withdrawal of in-kind and revenue support has meant a difficult trading year in 2006 for the Festivals whilst the company adapts to its new financial circumstances in which, over the next 2 years, the Festivals will generate 88% of its funding from sponsorship, fundraising, box-office and other business initiatives. Adapting will require a change of mind-set and a dynamic, commercially-driven organisation. It will need to possess the skills to maintain its high artistic profile and commitment to a wide programme of education. However, it will be our audiences and key stakeholders / funders that are the key to our financial viability. Our chief aim must be to better understand and better serve our audiences and stakeholders and to attract and engage a broader base of ticket buyers. In the years ahead Cheltenham Festivals will strive to consolidate its position as an international festival organisation presenting an ambitious and innovative programme of work. This is the new organisation that we are now in the process of creating. This will require a very solid and flexible relationship with CBC to provide the service that the Festivals will need particularly in relation to venues and outdoor sites. However, I am confident that there are opportunities for CBC and CF to work together for the greater financial benefit of both parties.

In 2006, we sold over 120,000 tickets and raised £444,000 in sponsorship and £553,000 in trust grants and donations, an increase of £147,000 over 2005. This shows the strength of programming achieved during the year and skill of the sponsorship and marketing teams. However, our loss for the year was £119,000.

We could not have embarked on the journey of creating a new organisation had it not been for the generosity of the Council in awarding the Festivals £500,000 of “investment” funding over the next 3 years. We shall be applying for further infrastructure grants to support us through this challenging period from other organisations including the Arts Council. We estimate that we will need at £750,000 of investment funding over the next 4 years. We believe we have a business plan that is achievable. However, the organisation is extremely vulnerable at present as it is managing a huge programme of change whilst trying to meet current financial targets. There is also a caveat to our projections relating to the future of the Town Hall which is discussed below under buildings.

4. Buildings

Pittville Pump Room – the recommendations regarding the future of the Pump Room have been fully explored by the Council and the Festivals are delighted that a decision has now been reached. The Pump Room provides a setting and an acoustic that enables the Music Festival to maintain its position as one of the leading music festivals in Europe and to attract world famous performers. However, making it commercially viable continues to be a challenge given its limited seating capacity and complete absence of modern catering facilities for concerts.

Town Hall – the future of the Town Hall is a matter of the utmost importance to the Festivals because it provides the physical heart of our festivals. However, its facilities are no longer good enough to support festivals of international reputation in the 21st century. Maintaining our reputation and stature is vital otherwise we will not be able to generate the large amounts of commercial income now required of us given the loss of public funding nor maintain the commitment of world-class artists.

We welcome the initiatives to develop the Town Hall and believe it is vital that the Council now backs the creation of a 21st century venue which will embody Cheltenham’s place as a leading European cultural destination. The proposals are excellent but we believe investment also needs to be made in staging and acoustic improvements. The Festivals are willing to help achieve improvements in whatever way they can which may include bids to funders of capital projects. The future management of the Town Hall is also a key concern of the Festivals.

5. Governance and Championship

Under the section “Governance and Championship” of the Pratley Report recommendations were made to the Council about successful championship of the arts in local authorities at officer level. We are concerned that currently these recommendations have not been taken forward with the enthusiasm that the Festivals hoped for and that the arts are currently fragmented with a lack of strategic coherence for the arts. This may mean that the arts in Cheltenham are not championed as strongly as they ought to be to the outside world and most importantly to external bodies such as the Regional Development Agency. We would be pleased to be involved in discussions on how more strategic coherence could be achieved.

6. Education

The Festivals have a firm commitment to education and outreach work. As recommended in the Pratley Report, an Education Advisory Group has been established for the Festivals led by the former Head of Pittville School, Julie Winterman who is a member of the Board. We are currently working on our Outreach Strategy to ensure that maximum impact is obtained in areas of deprivation. We are keen to work with other organisations where we can establish common ground and where a partnership would add strength to what we are able to offer. We have dedicated some of the LABGI funding to developing our education work. Our programme offers events for all abilities. Some events are devised for very gifted individuals whilst others are to stimulate general enjoyment of the arts and science. Feedback from the MAD (Make a Difference) Young People's group shows that young people want to be given an opportunity to attend and take part in Cheltenham's internationally renowned Festivals. Overall more than 14,000 children and young people took part in Cheltenham Festivals' Education Programme in 2006.

In conclusion, the Festivals have identified many opportunities open to them but in the short-term are very vulnerable, as they face extremely tough financial challenges.

Donna Renney
Chief Executive, Cheltenham Festivals
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