

# Consultation on draft Business Plan

This paper is a summary of a draft three-year business plan being developed by the team at Birnam Arts and the first step in a dialogue we want to open with funders, partners and above all with the local community. Your input, ideas and responses will be greatly appreciated; the survey at the end of this document provides a structure for comments which will contribute to a final version of the plan for April 2019-March 2022, to be presented at a public meeting this March.



## Context

At time of writing our combined year-end figures (i.e. for Birnam Arts & BI Ltd) project a five-figure loss for 2018-19. This follows similar losses in 2016-17 and in 2017-18, and is compounded by the fact our unrestricted funds now stand at only £30,000 – meaning this year’s projected loss will consume the majority of our reserves and leave the organisation in an extremely vulnerable position as we go into 2019-20.

Clearly this situation is not sustainable. Board members and senior staff are speaking with funders and partners about forms of additional support, and seeking professional input and advice. We have also begun a review of our business model during which we will identify operational issues and ways to improve efficiency. This is part of a wider process of consultation through which we will develop workable proposals that will form the basis of our new business plan.

## “SWOT” Analysis – Birnam Arts’ Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Capable, experienced and committed staff team and board members</li> <li>• Vital to the economic and social well-being of Birnam, Dunkeld and rural Perthshire</li> <li>• Tremendous goodwill in community (e.g. around 50 local residents volunteer during the year)</li> <li>• Attractive, popular facility with good catering and versatile space</li> <li>• Good assets for income generation (gift shop, exhibition, café and conferences) with considerable potential to develop further and bring new business</li> <li>• Excellent reputation for high quality Arts Programming, with strong contacts across the arts</li> </ul>	<ul style="list-style-type: none"> <li>• The organisation is understaffed and overstretched; structural gaps in staffing have resulted in lack of capacity and ongoing problems in core administrative functions, as well as marketing / promotion</li> <li>• Poorly served by the appearance, responsiveness or functionality of our current website</li> <li>• Increased competition and rising costs mean the café is not generating sufficient profit to subsidise activities elsewhere in the organisation</li> <li>• Ageing building and a wide range of equipment issues mean steep increases in maintenance and repair bills</li> <li>• Our Arts Programme is expensive to run, with too many events losing money for the Centre</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• June 2021 will see the 20<sup>th</sup> anniversary of the new Arts Centre opening. Build-up to and promotion of this milestone should be a vehicle to (re)engage with funders, partners, and the local community</li> <li>• Reputation and reach of the Arts Programme events has great potential to attract sponsorship</li> <li>• Explore key partnerships with larger institutions (V&amp;A, Perth Theatre, etc.) and with local groups – e.g. development of festivals and community arts events</li> <li>• Exploit unique heritage to make Birnam a <u>destination</u> for arts and tourism – i.e. build on Beatrix Potter, but also <b>Macbeth</b> and <b>John Everett Millais</b></li> </ul>	<ul style="list-style-type: none"> <li>• Dualling the A9 will impact negatively on tourist trade, footfall and conference bookings over a (minimum) three-year construction period – certainly long enough to inflict serious damage to the Centre’s viability</li> <li>• Without capital investment in building and equipment the centre risks becoming increasingly rundown and out-of-date, and so a less attractive venue for conferences, weddings, touring artists, etc.</li> <li>• Low financial reserves leaves organisation vulnerable to cash flow issues or unforeseen expenditure – e.g. major repairs or energy cost rises</li> <li>• Macro-economic uncertainty post-March 2019</li> </ul>

## Income Generation & Revenue Funding

Commercial activities of Birnam Institute (BI Ltd) are intended to subsidise the non-profit, charitable activities of Birnam Arts. While the Beatrix Potter Exhibition and Potter's Junction Gift Shop have remained buoyant, the café has gone from very healthy profitability in 2015 to barely breaking even this year. Room hire income has remained relatively steady but overall costs and expenditure for the Centre – wages, stock, energy costs and especially maintenance – have all risen steeply. In fact room hire charges at the Centre have not changed since April 2015. This document, therefore, is part of the consultation on changes we wish to make with the table setting out proposed charges for **Community Hire Rates**:

COMMUNITY HIRE >>>		Present Charge	Proposed Charge
<b>John Kinnaird Hall</b>	Hourly	£23	<b>£25</b>
	4-hourly	£60	<b>£72</b>
	8-hourly	£93	<b>£112</b>
	Full Day	£127	<b>£174</b>
<b>Dance &amp; Drama Studio</b>	Hourly	£12	<b>£15</b>
	4-hourly	£35	<b>£42</b>
	8-hourly	£57	<b>£72</b>
	Full Day	£80	<b>£96</b>
<b>Meeting Room</b>	Hourly	£12	<b>£15</b>
	4-hourly	£35	<b>£42</b>
	8-hourly	£57	<b>£72</b>
	Full Day	£80	<b>£96</b>

- It is intended these new changes will apply from **1<sup>st</sup> April 2019**, following consultation. Prior bookings for individual events would be honoured at previous rate, with new charges for ongoing bookings taking effect from **1<sup>st</sup> June**.
- As at present, additional charges for technical support, marketing, ticketing, or equipment use also apply.
- Commensurate rises in private and commercial hires (charged higher than community rates, as at present) will also be reviewed to take effect from 1<sup>st</sup> April 2019.

A similar review is underway on charges for catering, and of menu prices in the café but as the latter will likely involve significant changes to the content of menu itself we will not set out the new tariff in this document.

In addition to menu and room pricing other areas of income generation and savings are under review:

- Beginning 1<sup>st</sup> May, the Arts Programme will reduce from an average of 16-17 shows per (4-month) brochure period to an average of 11-12 shows, with booking policy more focused on likely viability.
- Longer-term restructuring of the Arts Programme will seek to build on partnerships such as those with Horsecross and Pitlochry Festival Theatre, and co-working with local organisations involved in arts-based activities – e.g. Niel Gow and Birnam Book festivals, BIPS, Corbenic Community. Integral to this will be seeking out new sources of grant funding – e.g. regular applications to special interest trusts to support a classical music programme – along with **sponsorship** of individual events, programme themes and/or brochure production.
- The present full-time Arts Officer post (established in April 2018) will revert to the previous job share structure, with long-time employee Jan Harrison working alongside a new appointee. In preparation for recruitment we redrew job descriptions so Jan will be designated as **Arts Development & Programming Officer**, and the new post as **Arts Development & Marketing Officer**. This is a first step to address lack of capacity and expertise in marketing.
- We will explore partnerships to produce annual events marketed as **Macbeth in Birnam Wood**. Our locality's strong association with one of the world's most famous plays could, we believe, be the key to establishing Birnam as an arts and tourist destination. To this end we have been developing plans for workshops, talks, exhibitions and tours to complement staging of the play, and would seek to locate part(s) of the performance in Birnam Wood.

- We also intend to build Birnam’s profile as the **Scottish home of Beatrix Potter**, marketing exhibition and the gift shop with a view to long-term building of online sales for Peter Rabbit and other Potter memorabilia.

### Friends & Supporters

Our current ‘Friends’ scheme brings in about £2,800 per year but after administration and associated discounts are taken into account there is little or no surplus to the Centre. While it is good to have secure income, members’ benefits – discounts on cafe purchases, tickets, free entry to the BP Exhibition – are such that the scheme is classed as ineligible for any Gift Aid claim (worth 20% of subscriptions). We plan, therefore, to review the present scheme, redesigning it to enable claim Gift Aid claims. We will also examine possibilities to:

- Introduce a **Friends of Peter Rabbit** scheme with benefits exclusive to the Shop & Exhibition AND/OR
- Launch a brand new **Supporters’ Fund** with annual subscriptions for individuals, community organisations, businesses and sponsors. Supporters could opt to sponsor events or donate towards the purchase of new equipment, and be named in the brochure or on the relevant item, and/or on a supporters’ wall.

### Strategic Approaches – 20<sup>th</sup> Anniversary and Capital Investment

Birnam Institute was of course founded in 1883, but Birnam Arts as we know it today opened on 18<sup>th</sup> June 2001. This means the twentieth anniversary of Birnam Arts will fall during the period covered by this business plan, in 2021. Everybody connected with the Centre is keen to ensure we celebrate this milestone in robust health, and indeed the build up to and occasion of the anniversary provides an important vehicle to help make that happen. We therefore plan to:

- Form a **20<sup>th</sup> Anniversary group** with representatives from the local community, local businesses and strategic partners (inc. PKC) to organise, support and help fundraise for activities tied to 2021
- Launch a **20<sup>th</sup> Anniversary Appeal Fund** inviting donations, fundraising events and legacy bequests, plus crowdfunding projects via social media.
- Build towards 20<sup>th</sup> anniversary with a **Capital Investment Programme**, targeting funders to raise **£200,000** for refurbishment and renewal of the building and essential equipment (see below)

### Outline of Capital Investment Programme

BUILDING WORKS	Projected cost
Roof repairs and improvements	8,000
Creation of new storage areas above studio and below main stage	10,000
Upgrade to external disabled ramps / extension of café terrace	12,000
New signage for building, and at A9 junctions entering Birnam and Dunkeld respectively	20,000
Establishment of new corner garden <i>(At junction of Station Road and Perth Road – disabled access to a pleasant garden terrace, constructing an external stage area with appropriate seating and supporting new, more prominent signage)</i>	25,000
EQUIPMENT, I.T., FURNITURE & FITTINGS	
Refurbishment of Theatre Space <i>(new curtains, safety ramps and regulation compliant LED stage lighting)</i>	30,000
Upgrade of Theatre equipment <i>(new soundboard, video standards and tallelescope)</i>	22,000
Installation of LED lighting <i>(replacing all internal &amp; external lighting to reduce energy costs and minimise environmental impact)</i>	20,000
New website and box office software	20,000
Upgrade to kitchen equipment <i>(includes shelving &amp; refrigeration storage)</i>	15,000
New chairs, tables, etc. for conferences and meetings	9,000
Refurbishment of entrance, displays, exhibition cases and boards for Beatrix Potter Exhibition	9,000
<b>TOTAL</b>	<b>£200,000</b>

Capital Investment Programme – targeted funders:

Gannochy Trust	£ 30,000
SSE Griffin-Calliacher Community Fund	£ 25,000
Dunard Fund	£ 25,000
Barcapel Foundation	£ 20,000
The Robertson Trust	£ 20,000
Wolfson Foundation	£ 20,000
Heritage Lottery Fund	£ 15,000
Foyle Foundation	£ 10,000
Forteviot Trust	£ 10,000
<u>Various other smaller trusts &amp; foundations</u>	<u>£ 25,000</u> (e.g. Enid Linder Foundation, Sinclair Family Trust)
<b>Total</b>	<b>£200,000</b>

### **Conclusions / Wider Strategy**

Even from this brief summary it should be clear both the organisation and the local community will face tough challenges in the coming months and years. Issues with Birnam Arts' staffing structure and business models need to be addressed if we are to build the capacity to deliver the various projects our strategic planning will set out. The Board and staff team are working hard on these matters and significant changes will become evident through 2019 and beyond.

Macro-economic uncertainties will impact across the UK with tourism from continental Europe (and workers) with effects likely to be felt as early as this summer. Major, extended construction works on the A9 are on the horizon for the end of this business plan period in March 2022 so it is essential we strengthen our finances, marketing, capital, attractions and programming well before the repercussions of that project are felt locally. To this end Birnam Arts can play an important role in co-ordinating with local groups and businesses to lobby politicians for the creation of a **Resilience Fund** for businesses located in the Birnam – Ballinluig passage.

Challenges and present circumstances notwithstanding, Birnam Arts remains an innovative, ambitious and much admired organisation at the very heart of the economic, social and cultural life of Birnam, Dunkeld and surrounding area. Our work is vital to the well-being of the local population, and our importance in attracting visitors, tourism and business will become even more crucial as the A9 dualling project approaches.

We believe the final version of this plan will demonstrate that even after nearly 20 years of the new centre and more than 130 years of the Birnam Institute, there remains tremendous potential here at Birnam Arts. We hope you agree and will actively seek constructive ways to lend your skills, your experience and your support to community-owned, community-run local institution.

After all, it belongs to you.