

The ARC (some notes & explanations)

The ARC as a concept developed through the processes following the Planning Weekend which led up to the \$106 Agreement between the local Authority (Tandridge District Council) and Linden Homes.

Some of the thinking derived from Tandridge Community Arts, an arts forum, from which a group of 30 people representing a wide range of interests gathered to look at the needs of the area as a whole. One key deficiency in the district was a complete lack of professional venues and rehearsal studio capacity. The ARC was conceived in the first instance as an arts venue addressing needs for which there was no local provision. There was a specific working group set up beyond the Planning Weekend which look at this element.

In looking at ways of making it sustainable, given the local authority's complete disinterest in things cultural, the idea of a profitable children's playspace was developed and researched. A business plan was produced which found favour with HSBC



The original concept is set out below:

The ARC (Arts & Recreation Centre)

Project Commentary & Description (2004)

This project seeks to develop an inclusive Arts and Recreation facility within the Urban Village of Caterham Barracks. The Centre is to be developed in stages based upon identified needs. The key element of the first phase is a children's play space which uses play activity as a vehicle to introduce young people to experiences and learning which will expand their horizons and capabilities. Because this community lacks any significant creative space, the spaces we plan to build over the next four or five years, will be truly

inclusive.

The funding required for the whole venture is between £3 million and £4 million but the first phase set out below can be completed for £1.25 million. The Trust has spent £350,000 making the two redundant Gymnasiums, given to the community under a Section 106 agreement, watertight and secure. They have been re-roofed and fully double-glazed. The Trust is looking to spend a further £200,000 given in the form of building work by Linden Homes, the site developer and has negotiated a further £600,000 borrowing from HSBC on the basis of the attached business plan. The cost of the fit out of the play space, the café area and the gallery area with a roof which incorporates an environmental management system and photovoltaic cells to make the centre more sustainable is estimated at £250,000.

Project Description (2004)

- a) The project seeks to develop an inclusive, creative, large-scale children's play space as the first and core element of an arts centre which has been designed to include a performance space for theatre, music dance and film, a dance studio, a gallery, craft studios, a digital sound and video editing facility and a café area. The building will be developed incrementally over time using the surpluses generated from the play space.
- b) The space is intended to accommodate every level of ability or disability, physical or mental and to address disadvantage or disability by providing a range of developmental experiences such as a sensory corner, sound, light and colour zones, dance and movement space in a stimulating and challenging environment. It is intended that from these first artistic experiences (including parties) that children will go on to make use of other aspects of the arts centre. It is intended, initially through play and physical activity, to extend the capacities and self confidence of every individual. The programming of the centre will allow schools and other organisations which work with physical or learning disability to make use of the spaces and will also make provision for carers to have a break. The centre is inclusive and not specific to the needs of any one group, rather it will adapt itself to accommodate the needs and demands of as many individuals as possible.
- c) The need for this facility was established through a planning weekend run by the developer of the site as a whole attracted 1,000 people. Seven working groups transformed the 'wish list' into a defined series of facilities identified as needed and also deemed to be feasible. One of these working groups was dedicated to the provision of an arts space and subsequent meetings with 30 representatives of local groups and professional arts organisations confirmed the need and the design criteria. An audit by the leisure arm of the local authority (which subsequently became the not-for-profit company Tandridge Leisure Ltd.) also confirmed the need as did the Regional Arts Board which has included the centre in its regional strategy.
- d) We anticipate 29,300 visitors in the first year of trading and 32,400 in the second year. If we include the parties the estimates allow for a further 11,000 visitors per annum. These figures do not include activity in the Arts Centre side of the operation. However, using one of the Gyms as a 'black box' space and studio spaces at the back of the play space we are projecting a further 11,196 visits between January 2006 and December 2006 of which 7,348 are children.
- e) The current Business Plan which is specific to the play space anticipates employing two full time staff across a seven day week and 3 part time/casual staff across the same period. Provision is made within the management contract for management contributions equating to 1.5 full time professionals. Making use of existing actors from Theatre Exchange (an educational theatre company which is also a charity) will provide an additional staffing element for 'premium' activity and parties will require additional casual staffing. It is anticipated that a large number of volunteers will be recruited to support the activities as they develop. The project is supported by Tandridge Community Arts, the local arts forum whose members will also be beneficiaries of this facility, by the District Council (Tandridge District Council) and the Regional Arts Board (Arts Council South East).
- f) The planned arts activities will also include older children, young adults, adults and older people. As many of these who can be encouraged to run, organise or participate in management will be invited to help us build this project. This is intended to be a venue which grows on the back of successful

- activity, not an Arts Centre which is 'finished' the moment it opens its doors.
- g) The age range of people who are intended to benefit from the project is from 18 months to 80+ years and the centre is designed to have a primary catchment area within a twenty minute drive time. Quality programming will bring in a much wider audience but the projections make no allowance for this at the moment.
 - h) Monitoring is built into the contracting. On the building side, the work is to be managed by Linden Homes, the developer of the site, and the facility will be managed by Tandridge Leisure Ltd., a not-for-profit company with charitable objectives. A copy of the Draft Heads of the Management Agreement is included with the Business Plan.
 - i) The sustainability of the project will be kept under constant review by the management of the Trust and the management of the operator. The contract allows for quarterly review at senior management level and annual reporting to the Board.
 - j) Subject to the funding partners meeting current target dates for approval, the start date for the building work has been set at December 2004 and the first phase, the play space is planned for completion by the end of June 2005. The full project roll-out will take between three and seven years depending on the success of the initial venture and the success of the funding strategy.

It took somewhat longer to put the project together and contingencies within the budget had to be taken out for the project to get off the ground. The overspend on the build was £90,000 which is currently being paid through CBCT Trading over an 8 year period. The building opened in March 2007. The original plan to use Tandridge Leisure to run the venture came to grief in 2009, two years after opening. The company was unable to produce sufficient income to pay the mortgage.

One thing which stands out is that the projected numbers of the ARC in the original business plan have been greatly exceeded from the very beginning. The numbers projected for year 2 stood at 32,400 and the actual numbers were in excess of 117,000, most of which were playspace users. The projected spend per head of the original business plan was £2.10 and was revised by TLL to £4. The actual spend per head was 87p. So there were several issues which needed to be addressed if the ARC was to re-open. Working with Shoreditch Trust, CBCT developed a new business plan

Key Issues for CBCT (2009)

1. The mortgage, capital & interest becomes payable at the end of March 2010. It will cost approximately £70,000 pa capital and interest. This meant we needed to generate a £5-6,000 per month surplus by March 2010.
2. Shoreditch's analysis produced four main options for service activity, they were as set out below:

Option A:	Close for a short period, restarting services through a mixed portfolio of specialist providers (voluntary, not for profit and commercial) for the café space, play provision, workshop and studio space.
Option B:	Close for a short period, restarting services in phases through a single alternative service provider.
Option C:	Close completely and establish an alternative social enterprise vehicle to run to centre.
Option D:	Close and manage as a hired space facility.

Option E:	Close completely and market to attract a commercial tenant
Option F:	Close completely and sell the facility on the open market

NOTE: Option D is able to run concurrently with options C, E and F.

3. Simple rental (lease) is unlikely to generate this sum since Phase 2 is currently unusable (even for storage) because it has only temporary lighting and no heating.
4. There is a demand for some sort of facility to meet the needs of the erstwhile softplay fraternity, as for use of the studio spaces, and a need to be seen to do something soon.
5. Dick Moran (CEO) has purchased £20,000 worth of play equipment with the intention of setting up a play space sooner rather than later.
6. To date no prospective operators of the separate elements of the building have come forward who are prepared to collaborate to make best use of what is available – and one or two have been woefully ignorant of the setup costs.
7. Whilst the separate leasing of the whole should be considered, it was listed by Shoreditch as options D & E because of the pre-existing aspirations for the building as an arts venue first and playspace second. It is possible to convert the whole building into playspace but it requires a very substantial investment because of the current state of Phase 2
8. The Trust appears to qualify for a Government fund 'Community builders' but this is not a reliable source and contacts to date have been unimpressive.
9. Alternative sources of funding may be available through charitable trusts but they take some time to develop
10. Any strategy needs to leave options open for D, E & F as proposed by Shoreditch

The Proposal which was adopted in 2009-10

1. Adopt Option C using an Industrial Provident Society model which would allow the raising of equity capital through a share issue. The CIC model does not allow for raising capital from the community in the form of a share issue, only in the form of a bond.
2. This proposal is set out in the attached business plan, which is an adaptation of the Shoreditch Interim Report.
3. Also attached is the financial profile developed by Shoreditch which needs to be adapted according to the phasing agreed by the new company (founder members/directors)
4. This proposal does not exclude private investment being considered and incorporated within the new facility but it does require a measure of conformity with the objectives set for the whole building. It also needs to be ethically based to meet the requirements of the charity.
5. In addition, this approach permits charitable donations to be made (and gift aided) through the charity and it can also allow the charity to develop its own membership through the same prospectus.
6. One virtue of this strategy is the possibility of building a substantial volunteer base both as a workforce in the new centre and for a range of other groups which could operate through the centre. This presents us with an opportunity to create the PR platform which could

enable the Trust to build an entirely new profile.

Work to be done

1. Establish group of founder member directors for the new company
2. Register with Co-ops UK using their model rules
3. Pay £660 to register with FSA
4. Agree minimum shareholding for membership (£50 or £100)
5. Set up member database and shareholding print facility
6. Draft & print prospectus
7. Launch share offer, volunteer recruitment and donation strategy within 4 weeks of the company being incorporated

All this was done and all that remained was to find the people to run it.