

The Black-E

Connecting Artists and Communities

Core Business Plan

PLANNING

"Plans are nothing : planning is everything"; Dwight D. Eisenhower

"Planning all your moves in advance - that is organised despair"; from Bruce Lee

ART

"Sublimity in art is achieved through repetition"; from John Ruskin

"We have no art - we simply do everything as well as we can"; Balinese proverb

"All the world's a game and we are merely players"; from William Shakespeare

CHANGE

"Real change, if it is to come, will arrive on a bicycle"; from Ivan Illich

"The real revolution is always concerned with the least glamorous stuff"; Alice Walker

For the period from April 2007 to March 2012

Relaunch and Phase 2 Capital Programme Completion

Revision 6 – November 2008

This document contains the core of the Black-E's business plan, focussing on the financial perspective. Earlier plans contained greater information on governance, staffing, programming, etc. This information may now be found on the website <www.theblack-e.co.uk>

1 INTRODUCTION AND SUMMARY

1.1 HISTORICAL BACKGROUND

The Black-E was relaunched forty years ago (on Monday 27 May 1968 to be exact). And what might have seemed almost fortuitous at that time can now be seen as essential ingredients in determining the character of the Britain's first community arts project.

The proximity of the Black-E to Britain's oldest established African-Caribbean community - and to Europe's oldest Chinatown - has meant that cultural diversity is celebrated as a natural phenomenon.

The siting of the Black-E adjoining a residential neighbourhood and yet close to the city centre has meant that both residents of the city and visitors to the city find it accessible - and it is natural that playgroups and community enterprises should take their place alongside concerts and exhibitions.

The choice of a home and base in one of the finest 19th Century buildings in the city, together with a commitment to both preservation and renovation, has provided a re-affirmation of the natural links between the past and the future.

The fact that the Black-E has been an artist-led organisation since its inception has shaped a project where creating works is as natural as presenting works.

The balance of the staffing, with women taking a leading role from the earliest years, has meant that the Black-E has evolved a natural commitment to women and the arts.

And the use of the word "Project" to describe the Black-E has confirmed a commitment to sharing experience and "spreading the word" through tours and publications.

1.2 POLICY

The creation of contexts (both social and environmental) which encourage an improved and meaningful relationship between artists and communities for the creation, presentation and promotion of contemporary work of high quality and originality.

This means that the Black-E is committed to:

a) access – both providing access and improving access to the artist and for the artist, and for those individuals and groups already involved in the arts as well as for those with no previous involvement with the arts – for example by the provision of workshops both as part of the ongoing programme and in conjunction with residencies, performances; by establishing an on-going dialogue between artists and their audiences through repeated visits and work, and by running seminars, residencies, etc. which enable artists to meet and work together.

b) positive action – in relation to artists who are discriminated against - and in relation to communities and individuals who are discriminated against or disadvantaged - in order to provide opportunities for such artists, communities, and individuals to give expression to

their experience, their needs, and their aspirations, and in order to celebrate their achievements and rediscover their history.

c) education (learning and unlearning) and training – both by and for artists – and both by and for communities and individuals – with a view to improving performance, understanding, and communication.

The creation of opportunities and contexts which enable people to actively participate in creative activities - a participation based in "doing" as well as "viewing" - in order, amongst other aims, to further democratise the arts. Indeed, since democracy rests on the creation of a common language, and since the arts remain among the most restricted of languages, such involvement aims to promote democratisation not only through a shared understanding of these languages but also through growth and development in the languages themselves.

This means the Black-E is committed to:-

a) the creation and exploration of forms in which "audience" participation is fundamental.

b) experiment – in order to make a contribution to the research and development which is essential if new forms and techniques are to emerge to give expression to the worlds of today and tomorrow.

The recognition and valuing of cultural diversity

This means the Black-E is committed to:-

a) promoting work which reflects the experience and concerns of those groups within our society whose voices have been marginalised, anthropologised or ignored.

b) programming across the spectrum of creative activities – the fine arts, the popular arts, the performing arts, the making arts, creative and co-operative games, contemporary media, and traditional crafts – in order to promote and develop harmony rather than hierarchy between forms, and additionally to promote and develop cross-fertilisation and positive interaction between forms.

c) a perspective of the arts which is local, regional, national, and international – in order to stimulate and develop a sense of cultural and geographical inter-relatedness and variety.

From all the above it can be seen that, in committing itself to exploring and recreating the relationship between contemporary society and the contemporary artist and between contemporary society and creative activities and opportunities, the Black-E is committing itself to a two-in-one duality - to the development of communities and to the development of artists.

In terms of communities, then such a commitment is based on a recognition of the role of the arts in community development : every community issue is also an issue to be explored through the arts. In terms of artists, then such a commitment is based on the complementary recognition that - only given the opportunity - everyone is an artist.

And if all the earlier text had to be summed up in seven words ?

CREATIVE OPPORTUNITIES FOR ALL
QUALITY AND EQUALITY

1.3 Summary of Business Plan

Background: The Black-E is close to Liverpool's city centre, as well as Britain's oldest African-Caribbean community and Europe's oldest Chinatown. It was established as the UK's first community arts project, and is dedicated to participation, to providing access to artists and communities, to undertaking positive action and education by and for artists, communities and individuals.

The Black-E is nearing completion of a major redevelopment programme of its premises - a former 19th century Congregational church once known as 'Liverpool's Third Cathedral' - in order to increase the accessibility of its work, to increase its scale, to work with new partners, and to increase the range of its work. The most exciting feature of the redevelopment is the creation of the unique multi-purpose in-the-round Main Space with 2 overlooking balconies, accommodating 550 and suited to artistic and sporting promotions, exhibitions, conferences, fairs, receptions, etc. A high level of disabled access, compatible with DDA requirements, forms part of the redevelopment.

The Organisation: The Black-E recognises that developments to its organisation lie at the heart of its ability to cope with the new opportunities that the building will provide. It has therefore undertaken a serious review of its organisational strengths and weaknesses. Details of the Trustees and staff are provided on the website.

Markets: Research undertaken by consultants Morris, Hargreaves, MacIntyre has shown that there is a substantial market for hires of the various spaces at the Black-E, in particular the new Main Space. A detailed marketing strategy has been prepared in a separate document.

Operations: The future staffing of the organisation has been established at a much higher level than hitherto, with around 12 salaried staff. Above all, salaries at or in some cases a little below market rates will be paid, a major step forward for the organisation, with a salary bill building to £370k in the third year of operation. Financial provision for pensions for staff has also been included.

The jobs embrace the artistic and operational sides of the organisation, but it will also retain two of its key features: a high level of volunteering (traditionally running at the level of several full time equivalents), and also a pattern of job sharing so that all members of staff regularly undertake a range of duties (both cultural and operational) within the building. A budget of £40k, £45k and £80k in the first three full years will be retained for the cultural programme, and administrative and overhead budgets of £50k and up to £100k respectively have been set.

Revenue: Revenue forecasts start from the key challenge of needing to meet a much higher level of cost, due largely to the greatly increased number of salaried staff. Increase in core grant funding is forecast. This will be sought from three sources: from Arts Council England, in the form of a phased increase from the currently agreed level of close to £133k up to £300k ; from the Liverpool Culture Company acting on behalf of Liverpool City Council ; and from Trusts, Foundations and European sources in the form of medium term core grants as opposed to the project grants which have been obtained historically.

Income from Hires will focus on the Main Space. Income from all space hire is forecast to rise to £100k over the first three years of operation.

A range of 'Black-E Promotions' are proposed, covering Themed Events, an annual Winter Event as an alternative to the panto, and a range of Music Programming in the Main Space. All of these will exploit the exceptional qualities of the Main Space, well suited to these types of performance and offering the possibility, above all, of dancing at music performances. A contribution rising to £58k is forecast from these sources, again once programming and audience development has reached maturity, anticipated in the third year. Project Grants are

planned to continue at their current level. Finally, other income from a wide range of sources, including the café, which will feature a juice bar, is forecast to total up to £15k.

Financial Forecasts: The trading forecast projects breakeven. The fact that the Black-E will be completing the final elements of its capital redevelopment programme while relaunching and developing the cultural programme in the building will add both operation and financial challenges. An allowance for inflation at 2% per annum has been costed into expenditure forecasts from Year 2.

Risk and Fallbacks: A range of issues contribute to financial risk in the project. Revenue grant provision remains to be secured in some areas ; adequate time remains to negotiate, and in the event of partial failure to adjust the budget. In the short term it should be possible to handle the other main risks within the contingency budget. In the event of substantial unbudgeted revenue shortfalls or cost increases there are measures that can be adopted to cope. These include possible increases in commercial hires, and are outlined in sections 4.2 Risks and 4.3 Fallbacks of this Plan.

2 OPERATIONS

This chapter deals essentially with all aspects of the expenditure side of the organisation other than marketing: with staffing, (very briefly) with the cultural programme, with admin and with overheads. The fact that it is relatively brief on the Black-E's core purpose, that is its cultural programme, is for no other reason than that it is now covered in large measure on the website.

2.1 Staffing

There is a clear if flexible hierarchy operating within the present staffing structure, albeit a hierarchy which is also counterbalanced by work share arrangements: everyone has specific areas of responsibility, everyone contributes to the cultural programme (including the Youth Arts Programme) and everyone regardless of status contributes to cleaning and maintenance.

The current staffing is made up of six full time workers:

- 2 Co-ordinators, responsible as the most senior workers for the overall running, co-ordination and management of the project, including marketing and fundraising.
- 1 Technical Manager, and 1 Youth Arts Manager
- 1 Finance Officer, and 1 Administrative Officer

This core team works in partnership with and supervises: part-time workers, sessional and project workers, apprentices and trainees, and international, national and local volunteers.
APPENCIX

As outlined in 3.1 one of the key objectives, in relation to both the development of the cultural programme and final completion of the capital programme is to achieve the following two ambitions:

1. Construct an appropriate and effective organisational structure, which is team based, layered and multi-skilled and to
2. Ensure that all staff have an adequate level of remuneration.

The proposed organisational roles in the revised organisation are as follows:

Black-E Staffing Structure following renovation	
Co-Directors	Ultimate responsibility for the project; Artistic Direction and programme direction; High-level fund-raising; Inputs to programming.
General Mgr/ Programmer	Overall responsibility for Building Management; Overall responsibility for hires and sales; Catering Operations; Programming; Licensee.
Youth Arts Director	Overall responsibility for youth programmes and involving youth in all aspects of the Black-E's programmes. Inputs to marketing and fundraising, etc.
Gallery Director	Overall responsibility for exhibitions, artworks and workshops throughout the building. Input into marketing and fundraising.
Finance (p/t)	Financial management and control.
Book-keeping	Book-keeping and general admin.
Relaunch	Responsibility for a range of relaunch-related activity, including

Manager	marketing.
Marketing & Development	In close collaboration with the Co-Directors, marketing of the building and of the shows to be put on in it; fund-raising administration.
Events and Box Office/Sales Manager	Reporting to the Co-Directors, responsible for cultural programming, box office and sales.
Maintenance/Technical Manager	Overall responsibility for the operation of the building, including stage etc facilities (inc sound and lighting), and maintenance.
Deputy Tech Mgr	Deputising for and supporting the technical manager (part time).
Technical Assistant(s)	Wide range of technical responsibilities, including building maintenance, seating arrangements, sound, lighting, etc etc.

The process of transition to the preferred staffing structure will be managed flexibly; our ambitions are set out in the table below. The first set of figures aggregate those from the table above into financial years. The second set details proposed salaries, showing a distinct increase from previous revisions of this plan. Finally, total employment costs are shown, inclusive of a 10% uplift for NI, etc, and also including a modest contribution for pensions @ 5% of salaries.

Black-E Staff	08/09	09/10	10/11	08/09	09/10	10/11	08/09	09/10	10/11
Salary assumptions	Number of staff			Salary (£k)			Employment cost (£k)		
Co-Directors	2	2	2	21.5	25.0	28.8	49.9	58.0	66.8
General Manager	0.5	1	1	20.0	24.7	25.5	11.6	28.7	29.5
Youth Arts Director	1	1	1	20.0	24.7	25.5	23.2	28.7	29.5
Gallery Director	0	1	1	20.0	24.7	25.5	0.0	28.7	29.5
Finance Officer	0.4	1	1	16.0	18.0	20.0	7.4	20.9	23.2
Finance Support	0.2	0.7	0.7	21.5	22.0	23.0	5.0	17.9	18.7
Relaunch Manager	1	0	0	20.0	24.7	25.5	23.2	0.0	0.0
Events / Box Office Manager	0	1	1	19.0	22.0	23.0	0.0	25.5	26.7
Senior Marketing Officer	0	1	1	20.0	24.7	25.5	0.0	28.7	29.5
Admin Officer	1	1	1	16.0	17.0	18.0	18.6	19.7	20.9
Maintenance/Technical Mgr	1	1	1	20.0	24.7	25.5	23.2	28.7	29.5
Deputy Technical Manager	0.5	1	1	19.0	22.0	22.0	11.0	25.5	25.5
Technical Assistant	0	0	0	8.5	18.0	19.0	0.0	0.0	0.0
Part-time staff	1	2	2	10.0	10.0	10.0	11.6	23.2	23.2
Pension contributions @ 5%							9.2	16.7	17.6
	8.6	13.7	13.7				193.9	350.8	370.3

Some of these salaries fall somewhat below the going rate. This is not a statement of ambition, merely an indication that this phase of the Black-E's development is a step – and a very large one – towards changing and surviving in a different economic setting. At the same time these salaries are justified on the basis that the Black-E has consistently demonstrated an ability to motivate people without recourse to standard levels of remuneration. In large part this is due to the sense of common purpose, the vision, the ethos of team and flexible working and the learning opportunities that the Black-E provides. A modest level of growth is shown, in line with the Black-E's development over subsequent years.

The table does not record the level of volunteering that would be expected, as a continuation from current policies. Recent years prior to the commencement of the capital programme

have seen an average of around 3,000 hours of volunteer time recorded annually, and the ambition would be to raise this significantly, thus delivering a further, significant number of person-years of input to the project. A team of teenage stewards has been recruited and trained and have already contributed to the relaunch programme. Former volunteers, staff and apprentices will be offered retraining opportunities should they wish to rejoin the staff team.

The table also does not do full justice to a key part of the Black-E's ethos – that all staff act as teachers or mentors to young people. For example, the Technology Manager will be expected to teach both sound and lighting skills; the Finance Manager to pass on basic skills in book-keeping and accounting.

2.2 The Cultural Programme

The Operating Plan for the 2008-09 relaunch cultural programme is attached as APPENDIX ... Given that this plan has been brought to life alongside alongside the concluding elements of Phase 2 of the capital programme (including decorating) it has been subject to the adage of 'improvise, adapt, overcome'. Some items have been delayed, and will take place in the 4th rather than the 3rd quarter of the year. Other items - such as the performance by Reveal Theatre during Black History Month - were not in the Operating Plan but became part of the cultural programme.

Activity and expenditure in later years is expressed in more broad brush terms, split between the four main activities of the Black-E – Events, the Gallery, Youth Arts, and Publications.

Further activity is presented in the form of Arts Festivals and Themed Events. In budgetary terms these are balanced by corresponding substantial revenue grant applications.

Black-E Cultural Programme expenditure (£k)		08/09	09/10	10/11	11/12	12/13
Staff	Staffed by volunteers at no net cost					
Cultural Programme						
	Young, Gifted and On Track	10				
	Relaunch	69				
	Artistic Promotions Project Mg't	6				
	Events		5	10	20	25
	Gallery		10	10	20	25
	Youth Arts		10	10	25	25
	Publications		15	15	15	15
	Arts Festivals/Themed events		150	150	150	150
	Sub total	85	190	195	230	240

The level of visitors to the building that the cultural programme and hires will generate is summarised overleaf. This table is taken from the Black-E's Operating Plan for FY 08/09, and further detail, including an analysis of all of the numbers presented, is available. A further table predicts visitor numbers for 2009-10, the first fully operational year.

	Youth arts	Cultural programme	Combined Totals	Cultural & community hires	Sports & media hires	Final Totals
Apr	215	14	229	-		229
May	300	28	328	-		328
June	315	238	553	-		553
July	527	630	1,157	-		1,157
Aug	613	550	1,163	-		1,163
Sept	425	760	1,185	-		1,185
Oct	1,160	5510	6,670	-		6,670
Nov	695	760	1,455	500	200	2,155
Dec	965	710	1,675	500	300	2,475
Jan	1230	2,310	3,540	500	300	4,340
Feb	685	610	1,295	500	300	2,095
Mar	670	610	1,280	500	300	2,080
08/09	7,800	12,730	20,530	2,500	1,400	24,430

2.3 Administration

In the refurbished building the organisation will meet costs comparable to those currently faced.. Administrative costs are analysed in the table below.

Item	Expenditure	Discussion
Telephone	£4,000	The changed nature of activity is likely to roughly double the telephone budget.
Postage	£1,000	Postage will increase substantially, but with the ever-increasing use of email, not out of all proportion.
Office consumables	£1,500	Use of consumables will increase significantly.
Stationery	£2,000	Following the Relaunch, costs will drop
Conf, Travel, Research	£2,000	There is no particular reason why this should increase above historic levels.
Professional fees	£6,000	Fees will increase substantially in relation to historic expenditure.
Bank charges	£2,000	Bank charges will increase roughly in line with the level of transactions.
Hospitality	£1,000	As above
Accommodation	£20,000	The Black-E provides accommodation to a number of staff and volunteers, this delivers part of its ability to recruit at low wages. Accommodation is also provided for visiting artists, also allowing a reduction in costs.
Library	£1,000	There is no particular reason why this should increase above historic levels.

Marketing, Publicity, Fundraising	£2,500	Relaunch costs are covered elsewhere. Once relaunched, the Black-E will continue traditional levels of marketing expenditure.
Transport	£2,000	
Trustees Expense	£4,000	As above
Total	£49,000	

2.4 Overheads

The overhead structure of the future is predictable, and is presented in terms of the current FY and future ones.

Item	Expenditure		Discussion
	08/09	09/10	
Rates	£1,200	£1,500	Based on discussion with Liverpool City Council.
Insurances	£12,000	£14,000	The subject of lengthy discussions with brokers and others; to include Fire and Special perils, combined liability and All Risks (including contents)
Maintenance Materials	£2,000	£4,000	The refurbished building should need little maintenance at first, but we recognise that this will rise fairly quickly in due course
Security - building	£1,000	£3,000	There will be an element of reliance on volunteers, for whom costs are budgeted elsewhere.
Cleaning	£0	£5,000	Expenditure for 08/09 is covered by a one-off grant.
Maintenance contracts	£2,000	£6,000	To include lifts, electrical installation, heating, security, fixtures and fittings, pest control and other equipment.
Heat & Light	£20,000	£20,000	The 08/09 bill is substantial, due to lengthy testing.
Renewals	£3,000	£3,000	We will operate a sinking fund for renewals.
Recruitment costs	£1,000	£2,500	Current year recruitment cost has been met from a one-off grant.
Licences	£1,500	£1,500	Based on advice from Liverpool City Council
Contingencies	£6,500	£4,000	
Total	£50,200	£64,500	

Our forecast for future years (section 4) shows significant increases in overhead cost in line with increased levels of activity.

3 REVENUE

This section of the plan opens with a discussion of the big picture: an outline of the scale, nature and feasibility of the projected change to the Black-E's finances within its refurbished building. Further sections then explore this in detail. Overall trading performance is dealt with in the next section.

3.1 The key challenge – increasing revenue

It is helpful to break down the main sources of income to the Black-E into four key component parts.

Revenue Grants	These currently derive from Arts Council England (ACE NW) and Liverpool City Council (LCC)
Earned income	Historically income derived from rents and artists fees; future income shows a much larger level from the refurbished premises
Project Grants	A very broad range of income from trusts, foundations, etc, relating to one-off projects or, occasionally, for longer periods of activity. Typically this income more or less exactly matches a comparable level of artistic activity.
Other income	The prime source of this has historically been donations made in lieu of entrance fees, on a 'pay what you can afford' basis.

3.2 Revenue Grants

The Black-E currently has two core funders.

Liverpool City Council has a long history of supporting the Black-E, via The Children Directorate (Liverpool Youth Service Department). The current funding level is £29,755. The Local Authority is currently reviewing its Youth Arts provision within the Youth Service, and draft proposals currently being consulted upon consider both (i) the replacement of revenue funding with commissions, and (ii) the establishment of a strategic central Youth Arts Centre for the city. The Black-E has contributed and will continue to contribute to these consultations, making the case for the Black-E to be recognised as the natural home and base for a strategic central Youth Arts Centre for the city. However, this plan projects continued funding at current levels.

Arts funding from the Local Authority takes place through the Liverpool Culture Company. . In 2008/09 a total of £35.5k has been received for project funding: for the relaunch (£20,000), the project entitled Young Gifted and on Track (£10,000), and support for an Artistic Promotions Project Manager (£5,500).

The Culture Company is now opening its doors to revenue funding applications for the 2 years 2009-10 and 2010-11, and the Black-E will be applying for funding under this scheme. The Black-E featured significantly in the bid to secure European Capital of Culture status for the City, and has contributed to the Year itself (hosting the first meeting of the European Cultural Parliament to take place in the UK). But the Black-E's most significant contribution will be to the legacy following the Capital of Culture year, a contribution recognised in the City's Cultural Strategy :- QUOTE...

Needs input from the Black-E

We will therefore be entering into renewed discussions with the Culture Company and making an application for annual revenue funding, and have forecast a grant income of £100k p.a. in this plan.

The other core funder is Arts Council England, North West (ACE). At the time of writing the Black-E is in the first year of a three year funding agreement, with core funding averaging £133k per annum, with an additional £20k for the current relaunch year, plus £35.2k from Grants for the Arts.

Further uplifts to this grant to reflect the figures in this plan will be the subject of discussion. In this context the Black-E will be pointing to its unique capacity, status and offering in the North West following final completion of the capital programme - plus envisaged enhanced support from the City and much increased revenue from hires - and hence making a strong claim for an increase.

The final element of Core Funding is the concept of seeking long term support – on a three year basis – from such sources as Trusts and Foundations. Such support has been received from the LankellyChase Foundation (£45k) and from BBC Children In Need (~£75k), and is being sought from other Trusts and Foundations.

The table below projects a modest increase in core funding from Trusts and Foundations.

Forecast Core Revenue Grants (£k)					
	08/09	09/10	10/11	11/12	12/13
ACE NW	151	133	137	300	308
Trusts, Foundations, etc	39	40	43	43	43
LCC (LLL)	30	30	30	30	30
LCC (Culture Company)	36	100	100	100	100
Totals	255	303	309	473	481

3.3 Earned Income – Hire of space

Increased income due to hire of the Black-E's new facilities will be one of the great benefits of the renovation, by providing a new, diversified source of income. In projecting a realistic level of income it is essential to point out that the figures given elsewhere represent a maximum – they are an estimate of the market size – not the target figures that the Black-E should be aiming to achieve (MacDonalds does not and cannot sell all the fast food in Britain; it achieves a percentage market share). The question, therefore, is what a realistic level of achievement is for the Black-E, in the face of these – apparently comfortable looking – numbers.

In forecasting revenue it has been taken as a given that the exceptional new feature of the building will be the Main Space. Using the 80/20 rule, or just plain common sense, maximising revenue from this space will give the best return on marketing effort invested – compared with other spaces in the building. That said, the Black-E has an artistic policy. It aims to use the space for its own purposes, which are artistic and social rather than commercial. There is therefore a tension at the heart of the operating plan for the hall, as there is in all arts organisations.

The Main Space. The formula 50% Black-E use, 25% non-commercial use, and 25% commercial use has been used – very roughly – in forecasting income. The validity of this sort of projection is crucially dependent, of course, on whether the market will bear both the prices and the level of use that this implies. It is also to a degree dependent on the quality of the space (in terms of resources, finishes, etc), and the service that goes with it. At the time of writing it appears that for budgetary reasons while the decorating will be complete, the fit-out (equipment, seating, etc) may not be fully in place until autumn 2009, and will need to be hired in for promotions and events. It is not thought that this will be a serious problem, but does temper excesses of optimism.

Real experience shows that compared with previous versions of this plan we can revise our tariff for commercial use to a maximum charge of £3,000 net of VAT; this corresponds to changes in the market since the capital project began. Following discussions with possible users we have also revised our assumption on the number of hires possible in a mature market, to around 25 day-hires per annum from commercial clients (Tariffs A and B). Note that this results from customers such as Local and National Government agencies, Festivals, some sporting events, etc. While this target is certainly deliverable, it will equally certainly be a challenging achievement, and will require a focussed marketing effort.

Between them these sources would generate the comfortable majority of the income from space hire, and hence the level of management and marketing attention that must be given to this aspect of operations. Note also that given the exigencies of the completion of Phase 2 of the capital programme relatively modest income is forecast for the current financial year; major conferences, promotions, etc, are booked some way in advance, and such commitments will require time to grow. However, the success of the European Cultural Parliament booking - Karl-Erik Normann, Secretary-General to the Parliament, described the Black-E as “a Conference Palace” - adds optimism to the predictions for future years.

£14,000 of income is also forecast from hires of the Main Space to ‘brother and sister’ organisations – non-commercial hires. There is a large number of organisations in Liverpool that fit into this category, many of which are already known to the Black-E. Study of the ‘Average price paid historically’ in the Morris Hargreaves MacIntyre report indicates that this is a reasonable price (and the space will be exceptional) and that the number of potential hires is very substantial. This should not be a difficult revenue target to meet.

Other spaces. The three existing spaces in the Black-E (the Chamber Theatre, the Studio/Workshop Space, and the Gallery) have been lumped together as roughly comparable lettable spaces. They each have differing qualities, but the prices at which they would be let are similar, and each can be used for a wide range of activities – small scale performances, seminars, training sessions, workshops, smaller conferences, etc. Note that the ground floor Gallery can be used as a breakout or dining room from a conference being held in the Main Space.

The target of 100 hires of these spaces per annum has been set, at a charge of £150 net of VAT. This is a readily achievable figure, with respect both to price and volume of use – see the Morris Hargreaves MacIntyre report for details.

Revenue forecasts based on the above analysis are presented below:

Hire of Space, mature market, income net of VAT				
Space	Use	Target	Market Share	Revenue

		Hires	Price			Total
Main Space	Tariff A	16	£3,000	40%	£48,000	£89,000
	Tariff B	11	£1,750	43%	£19,250	
	Tariff C	15	£750	62%	£11,250	
	Tariff D	35	£300	36%	£10,500	
Other spaces	Tariff A	30	£250		£7,500	£11,000
	Tariff B	35	£100		£3,500	
	Tariff D	Negligible revenue			-	
Totals						£100,000

Note also that four different pricing levels have been proposed, as the research – as well as common experience elsewhere – shows that perceptions of what is a reasonable price vary widely by organisation. It is normal to use at least two price points (for commercial and charitable clients), both in order to maximise income and reflect the fact that organisational objectives may wish to favour low-income users – as is strongly the case at the Black-E. It is planned that while the Black-E’s published tariff may not explicitly include this number of prices, price discrimination will be effected by at least two mechanisms: (i) discounting to favoured customers with whom the Black-E establishes a relationship, and (ii) offering additional benefits (such as use of the Gallery/cafeteria space for conferences, etc).

It is important to note that this forecast is for a ‘mature’ situation, which would almost certainly not be achieved immediately. Forecasts of growth are presented below:

Hire of Space - Development of Market and Net Income						
		Gross Income (£k)				
		08/09	09/10	10/11	11/12	12/13
Main Space	Tariff A	15.0	35.0	50.0	50.0	50.0
	Tariff B	10.0	25.0	25.0	25.0	25.0
	Tariff C	4.0	10.0	10.0	10.0	10.0
	Tariff D	2.0	8.0	8.0	8.0	8.0
Other spaces	Tariff A	3.0	8.0	8.0	8.0	8.0
	Tariff B	2.0	4.0	4.0	4.0	4.0
	Tariff D					
Costs (£k)		0.0	15.0	10.0	5.0	5.0
Totals		36.0	75.0	95.0	100.0	100.0

We have shown an additional cost line, to reflect the need to hire in equipment to provide the equipment and services necessary for demanding clients (costs for the current financial year are budgeted elsewhere). We envisage that this need will decline, as the quality of our fit-out improves due to capital grants and donations.

Growth in the hire of the Main Space reflects natural prudence, particularly at the very important high price end of the market. It will take a while for the Black-E to establish itself in the marketplace and, it must be recognised, to develop the all-important skills that maximise the likelihood of turning a single hire into repeat business. This is particularly true during the current financial year, when the organisation will be on something of a learning curve.

3.4 Earned Income – ‘Black-E Promotions’

For the reader unfamiliar with the practices of the performing arts, it is worth explaining the ways in which a performance space may be used, and revenue gained. Firstly, it may be hired out – as in section 3.3 – or its owner/manager may promote their own activities and sell their own tickets. This in turn can be sub-divided: the management may choose to stage its own production – to act as producers and hence absorb all and any costs associated with rehearsal, settings & properties, copyright fees, marketing etc. etc. Alternatively it will book in work produced elsewhere (that may be on either an ad hoc, limited, or extensive tour). Particularly in the theatre world these two types of operation are known as producing and receiving, respectively. In general, in the subsidised arts sector producing is a much more expensive process; a producing house typically has its heart in new productions, and will undertake to receive as a tool to make money, or at least generate a contribution to overheads.

The picture is further complicated by the fact that productions may be co-financed; a show on tour may agree a profit split with the venue; a visiting company may be to some extent resident in a particular venue; this complexity knows few limits. In other words, in attending a performance at a venue one may be seeing work that is the result of enormous local effort, or that may have come to town yesterday. Box office revenue may accrue exclusively to the venue, exclusively to the company (if for example they have hired the venue for a fixed fee), or almost any mixture between, as does the degree of risk both parties face – if indeed they are distinct.

Given this general context it is necessary to factor in both the constraints and opportunities of the Black-E’s building, as well as the Black-E’s artistic perspective and ambitions. The Black-E’s planned programme in the Main Space will take the following form:

1. A Winter Event, of say 18 performances. This will be in the form of a contemporary circus; it will draw in part on aerial circus in the form popularised by Cirque du Soleil. There is no doubt that this is currently a popular form, which would work well in the Main Space, but which has thus far been explored primarily on a spectacular rather than a more domestic scale. It is intended that the Winter Event be presented as an alternative form of Christmas entertainment to the traditional panto (almost universally regarded as the banker in the regional theatre world). Market research and consultation with those in touch with what is currently fashionable/attractive to audiences confirms that this is a very attractive show for audiences.
2. A themed event. This would be a major (say) three week long event involving a wide range of performances and participation across a very wide range of media. APPENDIX..
3. Regular programming of music and or other performances. World music is a genre particularly relevant for the Black-E (and well attended when promoted at Philharmonic Hall); Jazz and Reggae are woefully poorly presented in Liverpool – though it is well understood that there are two sides to this coin, and the challenges of audience development are not underestimated. The size of the auditorium and its ability to accommodate people who want to dance to the music, already mentioned, cannot be overstated.

A summary contribution forecast for the Winter event is presented below. The assumption has been made that it will be possible to stage the first event around Christmas 2009.

Black-E Winter Event - Forecast Costs and Contribution							
Assumptions	Prices	Full		£12	Costs	Production Co. Fee	£40,000
		Concessions		£8		Tech, FOH, Security	£10,400

		Capacity		550		Additional publicity	£4,000	
	Number of performances			18			£54,400	
Attendance		09/10	10/11	11/12	Finances	09/10	10/11	11/12
	Total	60%	65%	72%				
	Full Price	70%	70%	70%				
	Concs.	30%	30%	30%	Income	£64,152	£69,498	£76,982
					Costs	£54,400	£55,488	£56,598
					Surplus	£9,752	£14,010	£20,385

No income forecasts for the themed event are presented, as this will require project funding in its own right.

Finally, forecasts for income from Music programming at the Black-E are presented in the table below. It will be an early decision of Black-E staff and Trustees to consider the best way of realising this income, and it may be that alignment with an independent – though obviously acceptable – promoter may be the most appropriate way forward.

Black-E Music Programming - Forecast Costs and Contribution								
Assumptions	Prices	Full		£10	Costs/show	Artist fees		£2,000
		Concessions		£5		Tech, Mkting, PRS, etc		£350
		Capacity		550				
Attendance		09/10	10/11	11/12	Finances	09/10	10/11	11/12
	Total	55%	55%	60%	Income	£41,972	£83,944	£152,625
	Full Price	85%	85%	85%	Costs	£35,250	£71,910	£119,850
	Concs.	15%	15%	15%	Surplus	£6,722	£12,034	£32,775

The financial impact of these income streams is summarised in the table below.

Black-E Promotions income (£k)			
	09/10	10/11	11/12
Winter Event	9.8	14.0	20.4
Themed Event	-	0.0	0.0
Music Programming	6.7	12.0	32.8
	16.5	26.0	53.2

3.5 Other Income

A wide range of other sources of income is discussed here:

	08/09	09/10	10/11
The Black-E has also recently entered into the business of selling the book authored by one of the Co-Directors (<i>Games for the New Years</i>). Sales have been satisfactory, and the sale of this and companion titles are forecast to continue.	2	1	1
The new Main Space will offer an exceptional large live music and performing space, allied with recording facilities which will enable the Black-E to record and market the recordings of concerts and performances which will bring both cultural and financial benefits.	0	1	1

For now the financial value is set at a modest level.			
The refurbished building will operate a café, and there are plans for a juice bar to accompany promotional performances. One forecast of income is the conservative assumption of a net contribution from catering of 50p from each attendee at Black-E Promotions (i.e. ignoring income from all other users of the building), leading to the assumption of a £15,000 contribution. Another is the idea of letting the café to a third party at a monthly rent of £1,000. Note that further funds may be required to complete the fit-out; as a result of this and general uncertainty the forecast level of income is modest.	3	5	5
The Black-E's premises at 5 Huskisson Street and 40 Canning Street can be used to increase income. With a modest level of refurbishment it is estimated that annual rents of £5,000 can be raised.	5	5	5
The Black-E's income currently includes a significant amount from donations. While this is expected to continue, there is a risk that perceptions of the organisation will change, and that income will drop. It has therefore been discounted, while in reality will undoubtedly continue.	-	-	-
The Black-E possesses a significant amount of archive material that may be of commercial value through exploitation of the copyright in, for example, recorded performances by 'The Last Poets', Meredith Monk and Judy Chicago. The monetary value of these are thought to be considerable; however, further research is required to quantify the value beyond a token amount.	0	1	2
Totals	10	13	14

As a result, it is assumed that a conservative forecast for 'Other income' is approximately £14,000 per annum once the renovated building is in mature operation.

3.6 Project Funding

The Black-E has a track record of success in obtaining project funding from a range of sources. APPENDIX

Quite simply, it is assumed that this level of support will continue, from these and other, similar sources. The transformation of the management structure of the organisation should enable the Co-Directors to use their contacts and experience in this area with much greater efficiency.

4 FINANCIAL FORECASTS

4.1 Trading Forecast

This section aggregates the revenue and expenditure sections of the rest of the plan. The section from which the analysis is taken is shown in the right hand column below.

A five year forecast is presented for form's sake, but in reality only the first three years can be relied upon with any confidence. As ever, the production of budgets and plans is a rolling process, and this plan will itself continue to be up-dated as the Relaunch cultural programme develops and the capital programme (including works envisaged to the Dome, an enhanced lift programme, and a comprehensive fit-out) are completed. The plan will need further revision following a full year's trading.

5 Year Trading Forecast (£k)	08/09	09/10	10/11	11/12	12/13
Income					
Revenue Grants					
ACE NW	151	133	137	300	308
ACE Project Grants	35	50	50	150	150
Trusts, Foundations, etc	39	40	43	43	43
LCC (LLL)	30	30	30	30	30
LCC (Culture Company)	36	100	100	100	100
Earned income					
Hire of Space	36	75	95	100	100
Black-E Promotions & Sales	7	16	26	53	58
Personal Fundraising	10	10	10	10	10
Other Income	10	10	15	15	15
Project Grants					
Arts Festivals/Themed events		150	150	150	150
Other projects	25	40	40	40	40
	379	654	696	991	1005
Expenditure					
Staff	194	351	370	598	610
Cultural Programme					
Arts Festivals/Themed events		150	150	150	150
Other projects	16	40	45	94	95
Relaunch	69				
Admin	49	49	50	51	52
Overheads	50	65	78	96	98
	378	654	693	989	1005
Surplus/-deficit	1	0	2	2	0

Inflation at 2% per annum is incorporated into the cost forecast from Year 2, in recognition of the fact that funding is typically not index-linked.

In summary, the analysis shows that the Black-E should reach or exceed break-even.

4.2 Risk

Inevitably the greatest risks in this plan lie in as yet unsecured revenue lines. These and other risks are summarised below, together with estimates of financial impact in year 1 and the actions to be taken in mitigation.

Item	Risk	Mitigating Action	
Revenue funding – ACE and LCC	£100k	The Black-E is in continuing dialogue with both Arts Council England and Liverpool City Council. It is not appropriate to apply for further ACE funding at this stage of the three year funding agreement. Application for funding from the Culture Company for 09/10 will take place shortly.	Both these elements have the benefit that when successful they deal in relatively long timescales – and high levels of certainty once commitments are made. In the event of poor/no progress, adjustments to the expenditure side of the budget – i.e. staffing – will have to be made.
Revenue Funding – Trusts and Foundations	£30k	Actions are already under way to secure this funding. However, notwithstanding previous success in this area, there may be risks in securing income from Trusts and Foundations which are themselves dependent on income from investments.	
Hire of Space – Main Space	£20k	While the ‘hireability’ of the refurbished Main Space is not in doubt, the exact level of income to be derived from it cannot be forecast with certainty. This plan is reasonably ambitious in its revenue targets. First year targets have been set out to be achievable, and during this experience a re-planning exercise will be undertaken to set the budget for subsequent years. This may include adjustments to the proportion of use required for low cost hires, as circumstances dictate – action which is acceptable to the Trustees.	
Black-E Promotions	£20k	Undertaking revenue-generating activity on a substantial scale through its own exertions is new for the Black-E. The risks lie in the quality of programming, marketing, box office and FoH support provided to engage the audience. The Trustees and Co-Directors are aware of this and will give it close attention. Further, major and financially risky innovations such as the proposed aerial circus will be the subject of project fundraising in their own right to mitigate risk.	

4.3 Fallbacks

The Trustees and Directors of the Black-E recognise that not everything will necessarily go as planned; it never does. Sometimes things go better than expected, but it is prudent to think about what would happen if they don't. Usually this manifests itself as revenue targets not being met – or put more generally, a deficit of income over expenditure.

This section deals with (provisionally) planned actions in the event that this happens. It is presented in terms of the actions that will be followed, and an indication of the revenue or cost reduction that might be obtained if it were pursued. These fallback actions are deliberately not prioritised; it will be the function of the Trustees to take decisions in difficult circumstances.

Possible action in the event of an operating deficit	Estimated Value
Altering the proportion of use of the building between the subsidised and income generating elements of the programme, which will be undertaken as circumstances dictate. The constraint on this is obviously the level of income that can be obtained from more 'commercial' use – which is certainly not unlimited; a rather conservative figure has therefore been used.	£30k
Clearly staff costs could be reduced via redundancies – or its equivalent, non-exercise of planned recruitment. We estimate that savings equivalent to a maximum of 1.5 posts could be removed while still permitting the organisation to function.	£30k
Increasing the level of volunteering, or doing more with less. Given the explicit change in direction of the Black-E, within the context of organisational development, the scope for this may be relatively modest. However, the Globe Theatre in London, with a pool of several hundred volunteers, is inspirational. The Black-E does not of course have scope for volunteering on this scale, but further savings could be made through further recruitment of adult volunteers, and an extension to the teenage volunteers scheme.	£15k

Finally, the Black-E owns both 5 Huskisson Street and 40 Canning Street - the latter a residential property, used until recently as both staff accommodation and office/workshop space until the move back to the Black-E in July 2008, and valued conservatively (with a lease of 80-plus years) at £300k. Clearly a sale would only be approved by Trustees in extremis, and as an absolutely last resort – though it is one that the Trustees would consider if required. More realistically and attractively, the possibility exists of raising a short term mortgage on one or both properties in order to fund a deficit while undertaking a radical review of financial operations.