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| <b>Item No.</b>                    | <b>Classification:</b><br>Open | <b>Date:</b><br>20 January 2017                     | <b>Meeting Name:</b><br>Cabinet Member for Business,<br>Culture and Social Regeneration |
| <b>Report title:</b>               |                                | Arts grants extension 1 April 2017 to 31 March 2018 |   |
| <b>Ward(s) or groups affected:</b> |                                | All   |   |
| <b>From:</b>                       |                                | Strategic Director of Environment and Leisure       |   |

## RECOMMENDATIONS

1. That the Cabinet Member for Business, Culture and Social Regeneration approve the extension of grant funding to currently commissioned funded arts and cultural organisations for a period of 12 months from 1 April 2017 to 31 March 2018.
2. That the cabinet member approves a reduction of £100,000 of the current arts grant budget of £250,000.
3. That the cabinet member agrees to cease one off grant funding for arts projects, totalling approximately £50,000.
4. That the cabinet member agrees an overall art grant allocation to five regularly funded arts organisations of £152,000. Whilst a reduction on previous years funding, the reduction would ensure that any organisations occupying Southwark premises would still receive an amount that would enable the rent to be paid.

## BACKGROUND INFORMATION

5. On 22 April 2016 the Cabinet Member for Business, Culture and Social Regeneration formally approved the grant allocations to arts and culture organisations to provide arts and culture activity across the borough. The organisations were commissioned in accordance with the Cultural Strategy 2013-18.
6. The report approved by the cabinet member placed Southwark as one of London's most vibrant and innovative locations for cultural activity, attracting many new and emerging artists and cultural organisations that offer high quality opportunities for local people to benefit from culture across a range of disciplines. Many of these organisations operate on limited resources.
7. The report also noted that there are 16 Arts Council England (ACE) funded National Portfolio Organisations within Southwark. This represents an investment of £4,893,433 for 2016-17.
8. The council grants programme aims to further diversify the support provided to the sector ensuring its continued vibrancy, as well as playing a role in enabling the leverage of this investment.
9. In 2016-17 the total arts grants budget was £252,000 with individual organisations receiving between approximately £6,000 to £69,000.

10. Eight organisations (see Appendix 1) were successful and were awarded grants:

**Regularly funded organisations**

- South London Gallery
- CGP London/Bermondsey Artists Group
- Blue Elephant Theatre
- Theatre Peckham
- London Bubble Theatre.

**One off funding**

- Kinetika Bloco
  - Hotel Elephant
  - Friends of Nunhead Cemetery.
11. A summary of their outcomes representing a wide range of arts and culture activities to residents including performances, exhibitions, workspace, training, schools engagement, and professional development can be seen in Appendix 1.
12. All funded organisations were subject to conditions of grant aid detailing the frequency of payments and monitoring arrangements.
13. In addition to the direct grant funding the Council gives support to cultural events and activity from other departments including:
- Events programmes and commissions
  - Blackfriars Stories and Peckham Festival via Regeneration
  - Animating Lordship Lane and Walworth Society History Walks via the Local Economy Team's High street Challenge programme
14. The Council also exercises considerable influence on developers and direct investment in cultural infrastructure including:
- Mountview Academy coming to Peckham
  - Hotel Elephant and Spare Street
  - Theatre Peckham's refurbished theatre
  - London College of Contemporary Music's new venue Music Box
  - The development of Flat Iron Square
  - New spaces for Southwark Playhouse
  - Peckham Levels bringing 600 new jobs to Peckham.

**KEY ISSUES FOR CONSIDERATION**

15. Cabinet will consider a report in March 2017 "Refreshed Cultural Strategy". Southwark is ever changing, with developing communities and revitalised neighbourhoods. The strategy will seek to ensure that we are meeting our ambitions for Southwark to continue to be a leading borough for culture and safeguard this for future generations.
16. The newly ratified tripartite council, CCG and Voluntary & Community Sector Strategy aims to achieve better partnership working across sectors to improve outcomes for residents improved commissioning and grant-giving that focuses

on outcomes for local people and better use of community assets to build resilient communities through community-led approaches. The VCS Strategy is about a new relationship with the VCS and unlocking the social value and assets that exist in communities to create a Southwark that is fairer for all.

17. The role of the cultural sector in future provision is an essential part of the refreshed Cultural strategy. However, in order to allow time for a new commissioned process to be developed aligned with the new strategic outcomes in the strategy and the tripartite voluntary and community sector strategy, it is recommended that there is an extension of the current arts grant funded provision by twelve months to March 2018.
18. With unprecedented cuts in public funding to local government, a schedule of proposed efficiencies, income and savings proposals was agreed by Cabinet in February 2016 as part of the Policy and Resources Strategy 2016/17 to 2018/19. On 24<sup>th</sup> January 2017, Cabinet will further consider a report (Policy and Resources Strategy 2017-18) that, if approved will agree the following:
  - Review the arts and events staff structure and arts grants (£205,000)
  - Introduce a self-financing events service and increased income from events hires (£225,000 additional income)
19. This report addresses the review of the arts and events staff structure and arts grants whereby Cabinet will consider the recommendation of £205,000 savings in 2017/18.
20. Southwark Council is a significant advocate and supporter of the arts and cultural industries, both through direct funding such as the arts grants and through our regeneration schemes and employment and skills support, and we want this to continue. Unlike many local authorities we still provide arts grant funding to key organisations, recognising their unique role for our communities. However we have had to look very carefully at all expenditure including arts grants in order to minimise the impacts of savings through efficiencies, income generation and staff reductions.
21. Through our emerging events strategy we are looking to diversify our event programme to generate income and still be able to provide the free events and festivals that bring our communities together, such as the annual fireworks display and Bermondsey Carnival. We are refreshing our Cultural Strategy in March 2017 to focus on specific outcomes and we are undertaking a review of the service to significantly reduce the size of the events and arts team to a very small team, in order to prioritise income generation to support the events programme and cultural strategy.
22. To help us meet these targets we have considered a range of options regarding arts grants for 2017/18, that have ranged from very significant reductions to introducing a complete new re commissioned process with savings generated. A number of factors have been taken into consideration in the current proposals, including wishing to give the sector as much notice as possible of the decision, ensuring that where applicable the grants will still enable rental to be covered, and trying to introduce a "light touch" process given that the strategic outcomes for arts grants will need to be informed by the March Cultural strategy refresh.
23. Subject to Cabinet agreement on the 24<sup>th</sup> January, savings of £205,000 will be sought from a review of the arts and events staff structure and arts grants in

2017/18. Officers are undertaking a review of the arts and events staff structure and aim to secure £105,000 savings from this team, taking it to a small team to prioritise income generation to support the events programme and cultural strategy. That reorganisation will be subject to full consultation with staff and unions in line with existing policies.

24. This report recommends that the balance in savings of £100,000 is met by a reduction to arts grant funding from £252,000 to £152,000 for 2017/18, £50,000 by removing grants for one off projects, and £50,000 through a reduction in arts grants to regularly funded organisations. To lessen the impact on regularly funded organisations it is recommended that we discontinue grants for one off projects. This approach removes all non-regularly funded organisations from the commissioning plan as they have received funding for the financial year 2016/17 for specific one off projects. These are:

- Hotel Elephant
- Kinetika Bloco
- Friends of Nunhead Cemetery

25. By removing the non-regularly funded organisations the impact on regular funded organisations is reduced by £50,000 and therefore the recommendation is that the grant to regularly funded arts organisations will reduce by approximately £50,000 in 2017/18.

26. The following proposal would ensure that any organisations occupying Southwark premises would still receive an amount that would enable the rent to be paid and the remaining funding would provide a grant of between 73% and 81% of the current grant. The recommended grants have also been rounded to the nearest £500, hence the slight difference in percentage reduction across the different organisations. The slight shortfall of approximately £500 in achieving the saving of £50,000 from the regularly funded organisations will be met from within existing resources. Any commissioning beyond 2017/18 would follow a new commissioning process designed to deliver the outcomes of the refreshed Cultural Strategy.

27. The revised grant allocation would be :

| <b>Organisation</b>      | <b>2016/17 Grant award (£)</b> | <b>Proposed grant 2017/18</b> | <b>Reduction (£)</b> | <b>Reduction (%)</b> |
|--------------------------|--------------------------------|-------------------------------|----------------------|----------------------|
| Bermondsey Artists Group | 28,683.00                      | 21,500.00                     | 7,183.00             | 27%                  |
| Blue Elephant Theatre    | 25,922.00                      | 19,500.00                     | 6,422.00             | 25%                  |
| London Bubble Theatre    | 34,532.00                      | 28,000.00                     | 6,532.00             | 19%                  |
| South London Gallery     | 69,392.00                      | 51,500.00                     | 17,892.00            | 26%                  |
| Theatre Peckham          | 42,932.00                      | 31,500.00                     | 11,432.00            | 27%                  |
|                          |                                |                               |                      |                      |
| <b>Total</b>             | <b>201,461.00</b>              | <b>152,000</b>                | <b>49,461.00</b>     |                      |
| <b>Total Budget</b>      | <b>202,000.00</b>              |                               |                      |                      |

28. This approach is recommended for the year ahead as a light touch, equitable and transparent approach that achieves the required savings. It is also simpler for the organisations with less resource required to write applications and can be a continuation of their current grant.
29. Each organisation was written to in December 2016 to notify them of the likely reduction in their funding for 2017-18. This letter was designed to raise the awareness of the organisations of the likely reduction.
30. In this letter the organisations were informed that the council would be working in the new year to determine how and at what level reductions should be applied in as fair and transparent a way as possible.

Organisations were invited to contact the Director of Communities with any comments regarding the content of the letter.

In the week of January 16<sup>th</sup>, each organisation was notified in writing and verbally of the details of the proposed reduction. This was to assist them with their financial planning for 2017-18. As part of this process organisations have been offered the opportunity to meet with the Cabinet member for Business, Culture and Social Regeneration, before this decision is taken to make any representations.

31. We will work with funded bodies to support this reduction by encouraging them to access the workshops run by Community Southwark and Arts Council England that seek to provide information on funding sources, business planning etc.
32. Even at this reduced amount, the grants should provide a level of security for Arts Council England's National Portfolio Organisations (Theatre Peckham, CGP London/Bermondsey Artists Group and South London Gallery) who are currently applying for continued funding from 2018 to 2022. Application deadlines for this are the beginning of February 2017, with decisions made in February 2018.
33. The impact will vary across different organisations and it is anticipated that this will result in changes to services and activities delivered by these organisations. Further conversations with organisations will be held to seek to provide as much support as possible to assist in efforts to secure alternative funding.
34. Some grants have previously supported council premises rent. It is expected that this will be the same for 2017/18 and we will have ensured that all rent payments are covered by the grants.

| <b>Organisation</b>      | <b>Council rent</b> |
|--------------------------|---------------------|
| Bermondsey Artists Group | 16,000.00           |
| Blue Elephant Theatre    | 8,000.00            |
| London Bubble Theatre    | 28,000.00           |
| Theatre Peckham          | 3,250.00            |

35. The council will continue to establish a mutually beneficial working relationship that seeks to make best use of existing resources whilst working closely with the

sector to support any bids for additional funding to further enhance the programme.

36. A broad range of universal and targeted activities are currently provided within the existing programme with a significant number of young people and residents engaged on a regular basis. It is important that these participants are able to access continuous provision to support constructive leisure time, social and creative development.
37. In addition, these services provide accredited training and skills to young people, engage socially excluded groups including those with mental health issues and isolated elderly residents, provide volunteer opportunities, engage with thousands of school children and families, and provide work for hundreds of artists and performers.
38. To date the regularly funded organisations are achieving well on agreed outcomes and the details of quarter 1 & 2 performance figures can be seen in Appendix 2.
39. All currently funded organisations have been visited recently by monitoring officers. The providers are committed to continuing to build relationships with the council and to taking an active role in the development of and delivery of an outcome focussed model of delivery to meet the council's priorities.

#### **Contract management and monitoring**

40. All commissioned provision will be monitored closely over the coming year to ensure that the intended outcomes are achieved.

#### **Community impact statement**

41. The council's cultural strategy was approved in July 2013 and clearly set out the need for sustainable investment and development of cultural provision within Southwark.
42. The process by which organisations have been recommended to receive funding is transparent and focused on delivering the most beneficial impact to the wider cultural sector.
43. The 2016/17 application process specifically sought clarification around target users, participants, audience and the community areas in which they will be delivered in order to identify where there may be an overlap of provision or where alternative activities are being targeted at similar audiences. This was to provide opportunity for minimising the impact on audiences and protected equalities groups wherever possible. All of the groups applying for funding clearly have developed and target audiences for their activities.
44. The process is such that the awards being made are likely to deliver the most beneficial impact whilst wherever possible maintaining provision to protected groups.

#### **Resource implications**

45. The total budget available for Arts and Culture grants programme in 2016/17 is £251,829.

46. The grant funding available to commission arts and culture activity for 2017 to 2018 will reduce from £252,000 to £152,000 in line with the Council's budget setting process.
47. All grant funded organisations were made aware in 2016/17 grant allocation process that the allocation is for one year only and that future funding is not assured and is dependent on the council's budget setting process.
48. Staff and any other grant monitoring costs connected with this proposal will be contained within existing departmental revenue budgets.
49. The grant funding available to commission arts and culture activity for 2017 to 2018 will reduce from £252,000 to £152,000 in line with the Council's budget setting process.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Director of Law and Democracy**

50. This report seeks approval of various recommendations in relation to the funding of arts and cultural organisations for the 12 month period commencing on 1 April 2017, as described within paragraphs 1 to 4.
51. Under the provisions of Part 3D of the council's Constitution the Cabinet Member for Business, Culture and Social Regeneration may approve the recommendations that are set out in this report.
52. It is noted that there is a proposed reduction in the arts grants budget for 2017-18 with a corresponding decrease in funding allocations to individual arts organisations, subject to approval of recommendations concerning efficiencies, income and savings proposals which are to be presented to Cabinet on 24 January (as noted in paragraph 18).
53. The Cabinet Member will be aware of the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010. At each stage, in exercising its function (and in its decision making processes) the council must have due regard to the need to:
  - Eliminate discrimination, harassment, victimisation or other prohibited conduct;
  - Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
  - Foster good relations between person who share a relevant protected characteristic and those who do not share it.

The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are protected in relation to (a) only.

54. As part of the process for deciding how a spending reduction is to be made, it will be necessary to prepare a robust equality analysis in accordance with good practice at critical stages as proposals in relation to spending reductions are

made which identify the potential or actual effects the spending reduction could have in respect of protected characteristics and human rights. Paragraph 43 advises that the process for funding applications had been established and managed with a view to safeguarding the interests of individuals and groups having protected characteristics under the Act.

55. In relation to the proposals set out in this report, consultation should: (a) take place before a decision is made at the formative stage; (b) be meaningful and set out clearly the background, proposal and/or options, potential implications for funding, criteria, so that those consulted have no doubt about the proposals and implications and can provide a meaningful response; and (c) follow a process that is clear and transparent. In addition, it is good practice for groups who are to be affected by the proposed spending reduction to be: (a) given copies of any relevant reports to comment on; and (b) given the opportunity to make representations before a decision is made.
56. Paragraphs 29 and 30 describe the steps that have been taken in order to consult the affected organisations and to notify them of the position in relation to the process for future funding decisions and the potential implications of those decisions at the earliest opportunity. Those paragraphs, together with paragraphs 26 and 31 advise of further measures which have been taken to obtain feedback on the proposals and to minimise the impact of any funding reductions.

#### **Strategic Director of Finance and Governance (EL16/026)**

57. The report seeks Cabinet Member for Business, Culture and Social Regeneration for the extension grant funding to currently commissioned funded arts and cultural organisations for a period of 12 months from 01 April 2017 to 31 March 2018 to a revised value of £152,000, as set out in paragraph 27 of the report.
58. Strategic Director of Finance and Governance notes the comments mentioned under resource implications and that the funding and the expected savings can be contained within existing resources. It is expected that continued monitoring will take place with all grant recipients to ensure conditions of grant are met.
59. Staffing, subsequent grant monitoring and any other costs connected with this proposal to be contained within existing departmental revenue budgets.

#### **BACKGROUND PAPERS**

| <b>Background Papers</b>  | <b>Held At</b>   | <b>Contact</b>   |
|---|--|--|
| Culture commissioning plan 2016-2017  | <a href="http://www.2.southwark.gov.uk/downloads/download/4136/arts_and_culture_grants_programme_2016-17">www.2.southwark.gov.uk/downloads/download/4136/arts_and_culture_grants_programme_2016-17</a> | Paul Cowell,<br>Events & Arts<br>Manager,<br>020 7525 0857 |
| <b>Link:</b> <a href="http://www.2.southwark.gov.uk/downloads/download/4136/arts_and_culture_grants_programme_2016-17">www.2.southwark.gov.uk/downloads/download/4136/arts_and_culture_grants_programme_2016-17</a> |  |  |
| Cultural Strategy 2013 to 2018  | <a href="http://www.southwark.gov.uk/culturestrategy">www.southwark.gov.uk/culturestrategy</a>   | As above   |
| <b>Link:</b> <a href="http://www.southwark.gov.uk/culturestrategy">www.southwark.gov.uk/culturestrategy</a>   |  |  |



## APPENDICES

| No         | Title  |
|------------|--|
| Appendix 1 | 2016-17 Arts Grants Awardees                 |
| Appendix 2 | 2016-17 Arts Grants Q1&2 performance figures |

## AUDIT TRAIL

|   |   |                          |
|---|---|--------------------------|
| <b>Lead Officer</b>   | Aileen Cahill, Head of Culture, Environment & Leisure |                          |
| <b>Report Author</b>  | Paul Cowell, Events and Arts Manager                  |                          |
| <b>Version</b>  | Final   |                          |
| <b>Dated</b>  | 19 January 2017                                       |                          |
| <b>Key Decision?</b>  | Key   |                          |
| <b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b> |   |                          |
| <b>Officer Title</b>  | <b>Comments Sought</b>                                | <b>Comments Included</b> |
| Director of Law and Democracy   | Yes   | Yes                      |
| Strategic Director of Finance and Governance                            | Yes   | Yes                      |
| <b>Cabinet Member</b>   | Yes   | Yes                      |
| <b>Date final report sent to Constitutional Team</b>                    |   | 19 January 2017          |