

Report to:	CABINET
Report of:	Acting Strategic Director of Place
Date of Decision:	13 December 2016
SUBJECT:	COMMISSIONING OF ARTS ACTIVITIES 2017-18
Key Decision: Yes	Relevant Forward Plan Ref: 002551
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s)	Cllr Ian Ward – Deputy Leader Cllr Majid Mahmood – Value for Money and Efficiency
Relevant O&S Chairman:	Cllr Zafar Iqbal – Economy, Skills & Transport
Wards affected:	All

1. Purpose of report:
1.1 To inform Cabinet of the process followed for allocating budgets to support arts activities in 2017-18 at a cost of £3,177,000. A private report sets out the background to individual recommendations and confidential financial and business information relating to the organisations concerned.

2. Decision(s) recommended:
That Cabinet:-
2.1 Notes the process followed for allocating the Support to the Arts and Arts budgets for 2017-18 as set out in Section 5 below.
2.2 Notes the contents of Appendix 1 which provides contextual information regarding the impact of the sector, gathered through the Birmingham Culture Dataset.
2.3 Notes the Equality Duty (Appendix 2) and Equality Impact Assessment Screening (Appendix 3) relating to proposals in the private report.

Lead Contact Officer(s):	Val Birchall, Assistant Director (Culture & Visitor Economy)
Telephone No:	0121-303 2919
E-mail address:	val.birchall@birmingham.gov.uk

3. Consultation

3.1 Internal

Officers from City Finance and Legal Services have been involved in the preparation of this report. Councillors nominated by the City Council to the Boards of the funded organisations have been sent a copy of this report for information.

3.2 External

Proposals to reduce funding for the arts in 2016-18 were included in the public consultation exercise in 2015. A meeting was held with the Chief Executives and Chairs of the funded organisations, the Leader, Cabinet Member for Skills, Learning & Culture, and Chief Executive of the Council on 31st March 2016 at which the Council's future budget position, and the related issues affecting the organisations were discussed. This resulted in the Birmingham Cultural Investment Enquiry, during which representatives of the Council, Arts Council England (ACE), Chamber of Commerce and the cultural sector, explored possible mitigation opportunities. A meeting was held with representatives of the funded organisations on 1 December 2016 to discuss the proposed recommendations and the need for new arrangements for support to be developed for the future.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The recommendations in this report support the Council's objectives for growing the economy, by providing a vibrant cultural scene which attracts visitors and investors to the city. The recommendations also provide activities for children and for residents, which improve their quality of life and wellbeing. The cultural strategy – Imagination, Creativity and Enterprise – adopted by the Council on 14 June 2016 identifies clear priorities for children and young people's cultural activities, as well as for the involvement of local people in developing provision. At the same time, it points up the city's ambitions as a cultural capital, and describes the need for new business models to be developed to improve sustainability of the sector as the Council's resources decline. All funded organisations must comply with the requirements of the Birmingham Business Charter for Social Responsibility and Birmingham Living Wage Policy.

4.2 Financial Implications

The commissioning activity detailed in this report at a total cost of £3.177m will be funded from the Support to the Arts and Arts budgets. The required reduction of £1.673m in 2017-18 is in line with the approved Council Business Plan and Budget 2016+.

4.3 Legal Implications

Under Section 145 of the Local Government Act 1972 the Council may do, or arrange for the doing of, anything necessary or expedient for the provision of entertainment of any nature, the provision of a theatre, development and improvement of the knowledge, understanding and practice of the arts and the crafts which serve the arts and any purpose incidental to the matters aforesaid.

Under the general power of competence per Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report which also are within the boundaries and limits of the general power of competence Section 2 and 4 of the Localism Act 2011.

4.4 Public Sector Equality Duty

A copy of the Equality Act 2010 – Public Sector Duty statement is appended (Appendix 2) together with the initial equality assessment screening EA001544 (Appendix 3).

Organisations in receipt of funding will be required as a condition of funding to consult their own stakeholders and customers in relation to equality obligations, as they draw up their revised business plans following confirmation of the level of awards.

5. Relevant background/chronology of key events:

- 5.1 Arts organisations have been in discussion with the Council over a prolonged period (since February 2010), concerning the projected continuation of reductions in Council funding. They have worked collaboratively and been received funding from the Council during that period specifically to work together to develop ways to diversify income, share costs and maximise commercial revenue. Some organisations have been very successful in increasing income from other sources, although generally not at the speed or scale that would replace lost City Council resources. During the past two years, the major organisations have formed a new company, Culture Central, to enable collaborative programming and fundraising and to explore new business models for the future.
- 5.2 In 2016, the Council, ACE, Greater Birmingham Chambers of Commerce and Culture Central established the Birmingham Cultural Investment Enquiry which has identified possible new public sector investment-linked models, alternative social investment models, new collaborative business models, and new approaches to philanthropy and corporate social responsibility. The Council is now working with some of the major arts organisations to enable its assets to be used in new ways, in accordance with the Investment Enquiry directions. These approaches are intended to help to support organisations to generate new income.
- 5.3 The organisations listed in the private report were invited in July 2016 to apply for funding from the Council for activities in 2017-18, using the approved corporate third sector grant funding framework. Applications were invited based on a scenario of 36% reduction (to meet the budget) although organisations were advised that awards would be differentiated (ie not a 36% reduction across the board). They were also asked to provide information about the impact of 50% cut, to help inform an assessment of the potential impact of higher levels of reduction which were likely to be applied to some organisations in order to balance the budget in total. Officers have assessed the applications against the published criteria. Issues affecting the companies, as well as risks to the Council, arising from the recommendations in this report have been identified and where possible will be mitigated by negotiation of grant schedules and the application of funding conditions. Detail is given in the Private Report.

- 5.4 All of the organisations listed are funded to varying degrees by ACE. Decisions by the Council may affect the organisations' ability to secure funding from ACE in the future (funds for 2018+ will be determined in the early part of 2017). ACE also has the right to impose additional terms and conditions on its grants if 'another funder withdraws any part of the funding for the agreed activities', which may affect funding agreements in place for 2017-18.
- 5.5 Smaller arts organisations are commissioned to deliver projects in neighbourhoods and with young people. These oversubscribed schemes are important as they enable the Council to target activities at people with less opportunity to engage with culture, and they lever investment from other sources, notably the arts lottery. These schemes will continue in 2017-18, linked to the Council's priorities. The funding recommended in this report enables support for local groups to work as part of a local arts forum, and to develop activities in some areas of low cultural engagement.
- 5.6 In early 2016, Newtown Cultural Project which was managing the facility known as The Drum, ceased trading. The Drum was the city's only dedicated venue for Black and Minority Ethnic Arts and no alternative provider has been identified to take on the building. During the summer, in consultation with local stakeholders and ACE, the Council launched a project funding scheme to use £250,000 funding previously earmarked for support to the Drum in 2016-17 to provide arts activities in Aston and Newtown, and to support capacity building of local arts organisations and leaders. It is proposed to maintain a dedicated fund to support black and minority ethnic arts development in 2017-18 (including provision for the co-ordination of Black History Month).

6. Evaluation of alternative option(s):

- 6.1 Cabinet not being informed of the process and background would prevent them taking informed decisions on the allocations in the private report.

7. Reasons for Decision(s):

- 7.1 To support the delivery of cultural activities which contribute to the Council's priorities and the city's Cultural Strategy, by strengthening our economic success and enhancing quality of life.

Signatures

Date

Cabinet Member

2 December 2016

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Cllr Ian Ward, Deputy Leader

Cabinet Member

2 December 2016

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Cllr Majid Mahmood, Value for Money & Efficiency

Chief Officer

.....
Jacqui Kennedy, Acting Strategic Director
of Place

2 December 2016

List of Background Documents used to compile this Report:

Cabinet Report – Commissioning of Arts Activities 2014-16 (approved 16 December 2013)
Cabinet Report – Support to the Arts 2016-17 (approved 8 December 2015)
Imagination, Creativity & Enterprise – Birmingham Cultural Strategy 2016-19
A Creative Future (Birmingham’s strategy for children, young people and culture)
Birmingham Cultural Investment Enquiry Report
Birmingham Culture Dataset Report

List of Appendices accompanying this Report:

1. Birmingham Culture Dataset Report
2. EA Duty
3. EA Initial Screening EA001544

Report Version	<u>2.1</u>	Dated	<u>2 December 2016</u>
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