

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: CABINET
Report of: Corporate Director - Place

Date of Decision: 12 December 2017
SUBJECT: COMMISSIONING OF ARTS ACTIVITIES 2018-19

Key Decision: Yes
If not in the Forward Plan: Relevant Forward Plan Ref: 004456/2017
(please "X" box) Chief Executive approved
Relevant Cabinet Member(s) O&S Chair approved
Cllr Brigid Jones – Deputy Leader
Cllr Majid Mahmood – Cabinet Member for
Commercialism, Commissioning and Contract
Management
Relevant O&S Chair: Cllr Zafar Iqbal – Economy, Skills and Transport
Cllr Mohammed Aikhlaq – Corporate Resources and
Governance
Wards affected: All

1. Purpose of report:

1.1 To inform Cabinet of the process followed for allocating budgets to support arts activities in 2018-19 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 grants from the Support to the Arts and Arts budgets for 2018 - 19 as set out in Section 5 below.
- 2.2 Notes the Equality Duty (Appendix 1) and Equality Impact Assessment Screening (Appendix 2) relating to proposals in the private report.

Lead Contact Officer(s): Symon Easton, Head of Cultural Development Service

Telephone No: 0121 303 1301

E-mail address: Symon.Easton@birmingham.gov.uk

3. Consultation

3.1 Internal

Officers from Finance, Legal and Procurement Services have been involved in the preparation of this report. The Cabinet Member for Commercialism, Commissioning and Contract Management has been consulted and supports the recommendations in 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.

Officers met with representatives of the funded organisations on 27th July 2016 to discuss the application process including the requirement for an average 36% saving proposal across their grant awards in 2017-18. A follow up meeting was held with organisations on 1 December 2016 to discuss the proposed recommendations for awards for 2017-18.

On 28 July 2017 a meeting was hosted by the Corporate Director of Place for senior representatives of the funded organisations to explain that there was no planned decrease in the 2018-19 Support to the Arts budget and to propose a standstill grant for each organisation. Culture Central has subsequently been consulted on the contents of this report.

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 priorities for:

- Children and Young People - particularly to help those become able to realise their full potential through great education and training, become more confident about their own sense of identity and, encourage them to have access to all the city has to offer. 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

- Jobs and Skills - particularly Growth of sectors (cultural clusters) of activity where Birmingham has competitive strengths. The Cultural Strategy also 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 Living Wage Policy and the Birmingham Business Charter for Social Responsibility where applicable.
- Health - particularly helping create a healthier environment for Birmingham, increased use of public spaces for physical activity, promoting independence of all our citizens and, preventing, reducing and delaying dependency and maximising the resilience and independence of citizens, their families and the community.
- The Birmingham Business Charter for Social Responsibility - subject to them being above the Charter thresholds, all grant recipients will need to produce action plans proportionate to the grant value. Also, these grant recipients will need to pay the Birmingham Living Wage to their employees in accordance with the policy.

4.2 Financial Implications

The commissioning activity recommended in the accompanying Private report, at a total cost of £3.177m, will be funded from the Support to the Arts budget. The approved Council Business Plan and Budget 2017+ assumed a standstill expenditure budget for Support to the Arts in 2018-19, i.e. intended to be a two year agreement after a 25% reduction in 2016-17 followed by a further 34% reduction in the current year.

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.

The requirements of the Data Protection Act 1998 and Human Rights Act 1998 have been taken into consideration in terms of the processing, management and sharing of data involved in these proposals. The city council has a public and private report mechanism to protect release of sensitive information and, the organisations Conditions of Grant Aid stipulate compliance with such legislation which must be signed and returned by named trustees before funding is released.

4.4 Public Sector Equality Duty

A copy of the Equality Act 2010 – Public Sector Duty statement is appended (Appendix 1) together with the initial equality assessment screening EA002456 (Appendix 2). 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 update their 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 projected continuation of reductions in Council funding. In 2017-18 the arts budget was reduced by £1.673m (34%). This was in addition to a reduction of 25% in 2016-17. Arts organisations have worked collaboratively 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 could replace lost City Council resources. In 2015/16, the major organisations 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, Arts Council England (ACE), Greater Birmingham Chambers of Commerce and Culture Central established the Birmingham Cultural Investment Enquiry, which identified possible new public sector linked investment models, alternative social investment models, new collaborative business models, and new approaches to philanthropy and corporate social responsibility. The Council continues to work with relevant major arts organisations to enable its assets to be used in new ways, in accordance with Investment Enquiry directions. These approaches are intended to help to support organisations to generate new income. Recent examples include the new conferences and events partnership between the Birmingham REP and Library of Birmingham and, the 'profit share' arrangement with mac regarding the management and income for the Cannon Hill car park. It is intended that the Council will be working more collaboratively with Culture Central going forward, particularly in working through them for the delivery and promotion of cultural events in the city.
- 5.3 All of the organisations listed in the private report are funded to varying degrees by Arts Council England. Decisions by the Council may affect the organisations' ability to secure funding from ACE in the future. 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 from 2018+.
- 5.4 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 2018-19, 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.
- 5.5 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 was identified to take on the building. In consultation with local stakeholders and ACE, the Council launched a project funding scheme to use funding previously earmarked for support to the Drum in 2016-18 to provide arts activities, and to support capacity building of local arts organisations and leaders. It is proposed to retain a dedicated fund of £200,000 in 2018-19 to support black and minority ethnic arts development (including provision for the co-ordination of Black History Month).

6. Evaluation of alternative option(s):

- 6.1 To commission different companies or activities, or to allocate funding differently – the summary of assessments in the private report outlines the contributions of the organisations and programmes to the Council's priorities, and a balanced portfolio is proposed, taking into account the risks and liabilities associated with each organisation. Other proposed arts commissioning programmes complement the work of the major organisations and offer opportunities for smaller, locally based and specialist providers to be commissioned.
- 6.2 To reduce the major core grants and contracts programme further - assessment of the organisations' circumstances indicates that while funding from other sources is improving, this has been happening at a slower rate than the reduction in Council funding. While the organisations are working together, and with the Council and other stakeholders, to develop partnerships which will enable funds from other sources to be increased over time, further reductions at this point would be damaging. Project funding schemes provide important resources to lever investment from other bodies and sustain a large number of smaller cultural companies, as well as providing valuable activities out of the city centre including BAME communities across the city.
- 6.3 To allocate more of the budget to activity and less to staffing costs. Officers play an important role in assuring the quality of activities, their relevance, safety and contribution to Council's priorities. They monitor funded activities to mitigate risk to the Council, as well as providing information, advice and guidance to a wide range of internal and external customers. Recommendations in the private report balance the funding to third sector organisations with the council's basic requirements for commissioning and monitoring funded activities and have already required the service to restructure. Any further reduction to the staffing budget would be likely to seriously impede the council's ability to undertake the necessary oversight of its investments, manage its contracts, or run programmes which can also be funded by external parties.

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

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Cllr Brigid Jones, Deputy Leader

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Cabinet Member

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Cllr Majid Mahmood - Commercialism,
Commissioning and Contract Management

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Chief Officer

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Jacqui Kennedy, Corporate Director - Place

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List of Background Documents used to compile this Report:

1. Cabinet Report - Support to the Arts 2016-17 (approved 8 December 2015)
2. Cabinet Report - Support to the Arts 2017-18 (approved 13 December 2016)
3. Imagination, Creativity & Enterprise – Birmingham Cultural Strategy 2016-19
4. A Creative Future (Birmingham’s strategy for children, young people and culture)
5. Birmingham Cultural Investment Enquiry Report

List of Appendices accompanying this Report (if any):

1. EA Duty
2. EA Initial Screening EA002456

Report Version **Final** **Dated** **5 December 2017**