

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture and Recreation
Date:	8 July 2011
Title:	Consultation on Financial Support to Cultural and Community Organisations
Reference:	2996
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. The purpose of this paper is to agree a programme of consultation that will inform Hampshire County Council decisions on:
 - The allocation of financial support to cultural and community organisations in 2012/13.
 - Future strategy for the use of financial contributions to support the delivery of cultural and community services.
- 1.2. This paper seeks to briefly set out the current approach to making financial contributions to cultural and community organisations. It suggests that the current approach and pattern of funding is unlikely to be sustainable in the future and will need to change to reflect new circumstances. It proposes a programme of consultation that will allow funded organisations and stakeholders the opportunity to influence this change.
- 1.3. The immediate priority is to decide how proposals for 2012/13 are finalised to meet the requirements and timelines for the budget strategy for next year. Given both the general public and stakeholder interest in this funding and the requirement to involve and provide reasonable notice to funded organisations it is important that this process is clear, transparent and timely.
- 1.4. The consideration of future strategy recognises that a significant proportion of existing funding arrangements have been in place for many years and may present positive opportunities for change. Also that grant aid could be used as an alternative to direct service delivery where this can be shown to be more effective.

2. Contextual information

- 2.1. The Culture, Communities and Business Services Department (CCBS) has used financial contributions to the community and cultural sector as a primary and effective means of achieving service delivery for much of its business plan and in support of the corporate improvement priorities.
- 2.2. There has never been an over-arching strategy for culture and communities grants with grant allocations directed by individual service strategies and criteria.
- 2.3. The financial contributions currently made by CCBS are varied in both their application and approach. There are some one-off, open grant application opportunities such as the Arts Activities Fund. However, the greatest proportion of the funding is either:
 - ongoing, invited partnership funding backed by policy decisions to support service delivery organisations that provide Hampshire's cultural infrastructure (e.g. arts organisations, voluntary sports sector); or,
 - is a mechanism for procuring particular services which could potentially be set up as contracts (e.g. some of the contributions to outdoor centres).
- 2.4. In the main these are currently subject to annual application and roll forward in what is a fairly closed process.
- 2.5. Our financial commitments to formal Joint Management Committee (JMC) arrangements for sites owned and operated by HCC, while accounted for in the grants budget, are not included within the scope of this review. Also excluded is the small sum that contracts the New Forest Park Authority to fulfil our statutory Local Access Forum requirements in this area and the contract with Making Space to manage Leigh Park Craft Studios on behalf of HCC.

3. Finance

- 3.1. As a result of the Comprehensive Spending Review settlement for local authorities in 2010 and the work of the Coalition Government to reduce the country's deficit, budget reductions are now being implemented across all Council services.
- 3.2. The revised CCBS budget for financial contributions to cultural and community organisations in 2010/11 was £2.166 million. This year's budget (2011/12) has been reduced to £1.983 million, a reduction of 8.45% which marginally exceeds the agreed target.
- 3.3. A detailed list of all the grants included in this review is attached at Appendix 2. It should be noted that this does not balance with the total budget above as it does not include the funding to JMC arrangements. It also includes a number of other financial contributions that have not previously been treated as grants.
- 3.4. A further 8% reduction will need to be found in 2012/13 from all service budgets including the financial contributions made to cultural and community organisations. Grants officers have a continual dialogue with the

organisations that the council funds on a regular basis and the regularly funded organisations are already aware that further reductions are likely.

- 3.5. Further budget reductions, as yet unspecified, can be expected in future years.
- 3.6. For 2011/12 the budget reductions were generally passed on as a flat rate reduction across all grant clients. This was considered to be a fair, equitable and pragmatic response within the time constraints imposed by the outcome of the Government Spending Review financial settlement. The fundamental question we now face is whether a similar approach would be appropriate or sustainable for 2012/13 and subsequent years. The concern is that to try and sustain some form of “status quo” would only result in the slow decline of many of the valued cultural and community organisations that we support.

4. Performance

- 4.1. Each of the schemes for providing financial contributions applies a common process to ensure best outcomes and best value for money. This comprises:
 - Criteria for funding
 - Application form and guidance notes to complete
 - Organisation appraisal
 - Award approval process
 - Monitoring and evaluation - financial and non-financial
 - Review and renewal (award approval process)
- 4.2. The detail and practice varies from scheme to scheme depending on the nature of the funding and this may provide scope for best practice improvements in some areas.

5. Other key issues

- 5.1. The Chief Executive’s report of 26 July 2010, Efficiencies and Expenditure Reductions: Transforming the County Council, proposed that the future volume of grants be reviewed and a programme brought together on how the County Council might achieve value for money across this diverse activity.
- 5.2. The corporate review of grants has agreed a new corporate framework for the consistent application, allocation and monitoring of grants including a single portal and process for applications and the implementation of a database to support this. This is expected to go live in October to coincide with the allocation of funding for 2012/13. The proposed consultation is consistent with this corporate approach to grants.
- 5.3. The Arts and Museums Service are also seeking Executive Member approval to enter into dialogue with partners and key stakeholders regarding the Hampshire County Council Arts and Museums review. This consultation

will take place over the same period and officers are collaborating to ensure that these consultations are complementary.

6. Future Direction

- 6.1. In addition to informing decisions on 2012/13 allocations the purpose of the proposed consultation is to inform the future strategy for making financial contributions to cultural and community organisations.
- 6.2. This needs to be considered against a background of diminishing resources and also with a recognition that grant aid could be used as an effective alternative to existing direct delivery. It is therefore necessary to:
 - Consider how these financial contributions can best support the future sustainability of key cultural infrastructure.
 - Challenge current grant-aid arrangements and the extent to which they represent good value for money and meet priorities.
 - Consider how the use of grant-aid could be used to support new ways of working in the future.
- 6.3. Some of the priorities for grant-aid in the future might include:
 - Greater targeting of grant-aid on local community priorities and the needs of disadvantaged groups and areas.
 - Funding to reduce on-going dependency on Hampshire County Council's grants and to maximise alternative funding streams.
 - Funding capacity building and income generation in the voluntary sector.
 - Support for efficiencies and new ways of delivering services. This may include commissioning outside organisations to deliver services traditionally delivered by the County Council.
 - Providing opportunities to support new organisations and initiatives.
 - Increased use of grant-aid for time limited pump-priming of particular projects and initiatives.
- 6.4. The detail of this consultation is set out in the document attached at Appendix 1. The consultation will run for 3 months commencing in July and completing in October. The outcome of the consultation and recommendations for funding will be reported to the Executive Member for Culture and Recreation in December.
- 6.5. This paper will be considered at the Culture, Communities and Rural Affairs Select Committee on the 8 July. It is proposed that the Select Committee appoint a small panel of Members to provide an overview of the consultation and to advise the Executive Member for Culture and Recreation on future policy.

7. Recommendation(s)

- 7.1 The Executive Member for Culture and Recreation is asked to approve the proposals to consult on financial contributions to cultural and community organisations as set out in this report.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. The Council has a duty to assess the impact on equality of our services, functions and policies, with particular regard to the protected characteristics and in compliance with the Public Sector Equality Duty. The Equality Impact Assessment (EIA) has focused on the options for changes to funding for 2012/13 proposed in the consultation. The equality assessment seeks to ensure that the process through which any decision on changes to funding is considered is fair, open and equitable. Equalities issues will be integral to any criteria for investment and feedback on the criteria is invited as part of this consultation process. The final proposals for continuing or reducing funding will be subject to further Equalities Impact Assessment to be taken into account before the final decision is made in order to reduce the risk of a disproportionate impact upon any group.

2. Impact on Crime and Disorder:

- 2.1. The recommendations of this report do not have any impact on crime and disorder.

The final proposals for continuing or reducing funding will need to consider this impact.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

There is no significant impact arising from the recommendations of this report.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The proposals of this report do not consider this. The final proposals for continuing or reducing funding will need to consider this impact.

Appendix 1

Consultation on Financial Contributions to Cultural and Community Organisations

1. Purpose:

1.1 The purpose of this document is to consult on the:

- **Allocation of 2012/13 grant aid.** Against a background of diminishing resources HCC needs to make decisions about grant funding for 2012/13.
- **Future strategy for the use of grant aid.** We need to challenge current grant-aid arrangements and consider how grant-aid is used to support service delivery in the future.

1.2 The primary audience for the consultation are existing grant clients and key stakeholders.

2. Reasons for Consultation

2.1 The immediate priority is to agree grant offers for 2012/13. Given both the general public and stakeholder interest in this funding and the requirement to involve and provide reasonable notice to funded organisations it is important that this process is clear, transparent and timely.

2.2 The budget for culture and communities grants for 2011/12 was reduced to £1.983 million, a reduction of marginally over 8% which met the target for all services. A further 8% reduction needs to be found in 2012/13 from all service budgets. Further budget reductions can be expected in future years.

2.3 It will not be possible to continue to fund in the same way all those things that Hampshire County Council has supported in the past. A significant proportion of existing funding arrangements have been in place for many years so this may present positive opportunities for change.

2.4 We want to look at new ways of working that are in line with the Government's ideas around Big Society and Localism. This includes investigating how we can work more effectively with voluntary and community organisations and how we may be able to commission them to deliver local projects and services.

3. Current Approach

3.1 The Culture, Communities and Business Services Department (CCBS) has always used financial contributions to the community and cultural sector as

a primary and effective means of achieving service delivery for much of it's business plan in support of the corporate improvement priorities.

- 3.2 There has never been an over-arching strategy for culture and communities grants with grant allocations directed by individual service strategies and criteria.
- 3.3 These financial contributions are varied in both their application and approach but in the main they are subject to annual application and roll forward in what is a fairly closed process.
- 3.4 This remains the framework within which 2012/13 decisions will generally be made but with additional clarification of criteria and options through this consultation. Grant officers will continue to meet with individual clients to discuss their specific issues and requirements.

4. Part 1 Consultation: Options for 2012/13

- 4.1 In 2011/12 the 8% reduction was generally passed on as a flat rate reduction to all funded clients. At the time this was considered to be a fair and equitable approach to take within the time constraints imposed by the outcome of the Government Spending Review financial settlement.
- 4.2 We now wish to consult with the funded organisations and key stakeholders on ways of handling grant funding in 2012-13. The options for consideration are whether we should:
 - a) Apply a further 8% across the board reduction to all currently funded organisations.
 - b) Use a criteria-based approach to allocate grant to currently funded organisations on a prioritised basis. This could include more significant reductions and disinvestment but would also provide the flexibility to maintain viable funding levels to priority organisations.
 - c) Are there other options that could be achieved in 2012/13? These may include more fundamental changes to the pattern of financial support such as: merger proposals, joint working arrangements, outsourcing existing direct delivery.
- 4.3 Below are proposed criteria to support the application of Option B. These would be applied over and above individual grant stream criteria:
 - Support for Hampshire County Council's priorities: safer and more secure for all, maximising well-being, enhancing our quality of place.
 - Increasing participation in cultural and community activity.
 - Providing and improving access to services for disadvantaged groups.
 - Delivering services that meet local priorities in areas of deprivation.
 - Clear demonstration of need for funding, value for money, efficiency plans and consideration of alternative sources of funding.

- Proposals to reduce on-going dependency on Hampshire County Council and to maximise alternative funding streams.

4.4 **Consultation questions**

1. **Do you believe that option A or B above would result in the most effective use of grant funding? What are your views on these options?**
2. **Do you believe there are other options that should be considered for 2012/13?**
3. **We have set out some over-arching criteria above. Do you believe that these represent a reasonable approach to grant decisions in the current context?**
4. **What would be the likely impact of the following reductions in funding on your organisation? 8%, 30%, 100%.**
5. **Do you have any other comments on funding arrangements for 2012/13?**

4.5 Grant officers will maintain their usual dialogue with funded organisations throughout this consultation. This will provide the opportunity to explore organisation specific issues and to make the case for your organisations funding through the application process.

5. **Part 2 Consultation: Future Approach**

5.1 The second part of this consultation asks you to look further into the future, to 2013/14 and beyond.

5.2 The responses to this part of the consultation will be used to inform the development of Hampshire County Council's future policy for financial support to the cultural and community sector. The purpose is to collaborate with funded partners and other key stakeholders to identify what the different approaches and solutions might be to the delivery of cultural infrastructure and community support. The aim is to secure the best outcome for Hampshire residents across our many partners.

5.3 There are a number of issues and questions that you might wish to consider:

- As public sector capacity contracts will existing approaches to financial support sustain cultural and community facilities and activities in future years?
- Does the current approach promote dependency and crowd out new organisations and opportunities? Should the process be opened up to more competition based on the outcomes required?
- Should we explore opportunities to extend the use of grant-aid, partnership funding and contracts to support more out-sourced delivery of cultural and community provision?

- Should we be looking to reshape our grant programme so that it is increasingly about responding to local needs?
- What do we need to do to ensure that we are maximising opportunities for alternative funding of cultural activity?

5.4 **Consultees are asked to provide their general response to what the different approaches and solutions might be to the delivery of cultural infrastructure and community support in the future.**