

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member for Culture, Recreation and Countryside
Date:	14 September 2015
Title:	Review of Grant Funding to Cultural and Community Organisations
Decision Reference:	6873
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1. This report seeks approval from the Executive Member for Culture Recreation and Countryside to proposals in relation to the following grant programmes managed by Culture, Communities and Business Services:-
- a) Culture and Recreation Investment Fund
 - b) Community Investment Fund
 - c) Culture and Community Activity grants
 - d) Organisational Change Fund
 - e) Strategic grants: Music and Dance Commissions and Making Space Management Agreement

2. Contextual information

- 2.1. Culture, Communities and Business Services manages funding streams that offer revenue grant support to cultural, recreational and community based organisations based in Hampshire. These are:

1) Culture and Recreation Investment Fund

This provides investment in the major strategic cultural and recreational organisations in Hampshire. Decisions are only made once a year for applications to this grant stream. In 2015/16 the Executive Member has awarded Culture and Recreation Investment grant funding totalling £628,115 to 16 organisations.

2) Community Investment Fund

This provides support for not-for-profit community based organisations with local governance arrangements in Hampshire e.g. Community Associations. Decisions are also only made once a year for applications to this grant stream. In 2015/16 the Executive Member awarded £101,470 Community Investment Funding to 14 organisations.

3) Culture and Community Activity Grants

The purpose of this grant stream is to provide general support, up to a maximum of £3,000, to groups and organisations which encourage and provide opportunities for individuals and communities to participate in community focussed, cultural and recreational activities. In 2015/16 the Executive Member awarded £86,507 grant funding to 42 projects.

4) Organisational Change Fund

The purpose of the Organisational Change Fund is to support specific, time-limited projects for organisations to achieve efficiencies and reduce on-going dependency on grant funding. In 2015/16 the Executive Member awarded £6,218 grant funding to two organisations.

5) Strategic grants:

i. Music and Dance Commissions

These two commissions were one-off delivery programmes to develop models of engaging people with music and dance in new ways, introducing them to different experiences of the arts within local communities either through attending performances or learning within a theatre. Both programmes will come to an end in March 2016. The commission funding totalled £305,830 over the three years, of which £113,730 was awarded in 2015/16.

ii. Making Space

Making Space is a five year Management Services Agreement between the County Council and Making Space based in Havant, a development organisation which promotes excellence in contemporary craft, design and visual arts. The contract terms require a mutually agreed Business Plan, annual accounts and quarterly monitoring reports as requested to be provided to the County Council. The County Council owns the building which is leased to Making Space and awards £34,000 a year to Making Space through the agreement.

- 2.2. A condition of the 2015-16 grants was that all organisations receiving Culture and Recreation Investment Fund grants had to develop a financial strategy. The strategies are expected to set out the organisation's approaches to achieve financial sustainability, with much less reliance on grant funding from the County Council in future years. The organisations have been asked to submit their financial strategies, along with their mid-year monitoring forms, by the end of August 2015.

2.3. In January 2015 the Culture and Community Select Committee¹ agreed the terms of reference for a review of grants, led by a Task and Finish Group. The purpose of the review was:

- a) to re-assess the options for the use of financial contributions to support the delivery of cultural and community services in the future.
- b) make recommendations regarding the way forward to the Select Committee and then to the Executive Member for Culture, Recreation and Countryside in autumn 2015.

3. Grants review process

3.1. The Task and Finish Group has met four times and has:

- a) reviewed the current funding streams, the eligibility criteria and the process of the assessment of the applications for grant funding
- b) visited a number of the Investment funded organisations that currently receive the highest funding – these are primarily arts organisations
- c) considered a range of options to manage the likely reduction in the grant budget that include:
 - i. a revision and tightening of the criteria for each fund:
 - ii. a percentage reduction in grant to all the funded organisations:
 - iii. the withdrawal of grant support to some organisations and the rationale for this:
 - iv. re-direction of funds from revenue support to supporting specific activity or outcomes
 - v. outsourcing the management of part of the grant fund to an external organisation

3.2. The Task and Finish Group has also considered the wider context for funding for the organisations, including other sources of funding, the commitments and current financial stability of each organisation, the reserves held, staffing commitments and the value of what each organisation or project delivers for the local community. The Council is aware of the financial pressures faced by many of these local organisations as a result of the reductions in other funding they may receive through grants from other funders e.g. Arts Council England, lottery or other local authority funding.

3.3. In February all those organisations currently receiving funding through the Culture and Recreation and the Community Investment Funds were notified by letter of this review of grants, the likelihood of reductions due to a reduction in the grants budget by 2017 and warned that the impact of the reductions was likely to affect all organisations.

¹ Culture and Communities Select Committee [Grants Review 2015 – Task & Finish Group](#) – 19 January 2015

- 3.4. Those organisations receiving Culture & Recreation Investment Fund grants are required to submit a grant evaluation form by the end of June 2015. To date six of the 16 organisations funded in 2014/15 have not done this. They are; The Anvil Trust, Gilbert White Museum/Field Study Centre, Phoenix Theatre, St Barbe Museum, QE2 Activity Centre and Westgate Badminton Centre. These organisations have received two reminders and been advised that future grants could be at risk should the information not be forthcoming.

4. Proposals

- 4.1. A summary of the following proposed changes for each of the funding streams and the proposed funding for 2016/17 is included in Appendices 1 and 2. The proposed revision to the criteria for each fund is provided in Appendix 3 (1-3).
- 4.2. Culture and Recreation Investment Fund
- a) It is proposed that a change is made to the criteria to restrict the eligibility for funding to organisations based within the administrative area of Hampshire County Council. The effect of this is that organisations within Southampton City Council or Portsmouth City Council administrative areas will no longer be eligible for funding. Of the currently funded organisations, the Nuffield Theatre in Southampton will therefore no longer be eligible to receive a grant and it is proposed that the funding is reduced by 50% for 2016/17 and ends in March 2017..
 - b) It is proposed that the criteria and application guidance incorporate the requirement to demonstrate how the investment will be used to achieve improvements and increase efficiency, and that the organisation must submit a plan demonstrating how it is working towards less reliance on local authority grant funding and improving financial stability.
 - c) Specific proposals are made in Appendix 1 for the amount of grant funding to be awarded in 2016/17 to the organisations that received Investment funding in 2015/16. The rationale for the proposed decrease (or in some cases that funding remains static) is provided alongside the recommendation based on an assessment of need. Generally a decrease of 2% is recommended unless there is a clear financial case for retaining funding at the current level. In the case of The Anvil and the Gilbert White Field Studies Centre, larger reductions are proposed. The reasons for these are set out in Appendix 1.
 - d) It is proposed that the future funding of the smaller arts and theatre organisations such as Proteus and Forest Forge is informed by the outcomes of the Performing Arts Review which has recently been commissioned by the Hampshire Cultural Trust with some funding from the County Council. This is due to report before the end of 2015.
 - e) The Winchester Theatre Royal currently has an outstanding loan from the Council for the installation of a new Box Office system several years ago. The Theatre is paying this off at a rate of £4,000 a year, with

£16,040 left to be paid. It is recommended that this loan is paid off using the 2015/16 remaining overall grants budget (see Agenda Item 5).

4.3. Community Investment Fund

- a) Specific proposals are made in Appendix 2 for the amount of grant funding to be awarded in 2016/17 to the organisations that received Community Investment funding in 2015/16. The rationale for the proposed decrease (or in some cases that funding remains static) is provided alongside the recommendation based on an assessment of need. A decrease of 2% is recommended unless there is a clear financial case for retaining funding at the current level.
- b) It is proposed that a change to the criteria introduces a minimum award of £3,000. As a result two organisations will no longer be eligible for a grant in 2016/17 – they are Alton and Denmead Community Associations. Any applications meeting the general criteria but assessed through the funding formula to be below the minimum threshold (i.e. would be awarded less than £3,000) can be signposted to the Activity Grants, Member Grants and/or Hampshire & Isle of Wight Community Foundation.
- c) The criteria of the Community Investment Fund emphasises areas of deprivation. If the fund is oversubscribed, awards will be made to organisations serving communities with the highest levels of deprivation. Applications that have been assessed as eligible for support will be ranked according to the Index of Multiple Deprivation.
- d) The following proposals are recommended for instigation in 2017/18;
 - i. That those organisations currently paying rent under a lease of a Hampshire County Council building will no longer be eligible for grant funding as part of the negotiated transfer of the asset (building) to the organisation. The transfer of assets is due to be completed by April 2017. As a result of this proposal three Community Associations would no longer receive grant funding in 2017/18.
 - ii. That the minimum award through the Community Investment Fund be revised again from £3,000 to £5,000. Any applications assessed through the funding formula below the minimum threshold (i.e. would be awarded less than £5,000) may be signposted to the Activity Grants, Member Grants and/or Hampshire & Isle of Wight Community Foundation. Kingsley Organisation and Wickham Community Association are likely to be assessed below the minimum threshold in 2017/18.

4.4. Culture and Community Activity grants

This grant stream supports a significant number of local projects through one-off grants. It is recommended that;

- a) A change to the criteria is introduced setting a minimum level of £1,000. The fund will therefore support small scale projects needing between £1,000 and £3,000 only. The introduction of a minimum grant will reduce the number of very small applications received that are time-consuming to assess and enable more efficient use of resources to assess applications meeting the criteria. For grants below £1,000 applicants will be signposted to other sources such as Member Grants and the Hampshire & Isle of Wight Community Foundation
- b) Business Sponsorship Match Funding continues (maximum £300 per organisation to be matched to new business sponsors which must give at least £150 cash)
- c) The total value of the grant allocation is maintained at a minimum level of £100,000 for 2016-17. This will enable the fund to support a substantial number of smaller organisation applications for community based activities.

4.5. Organisational Change Fund

There have been very few applications to the Organisational Change fund since it was set up in 2012. It was set up to support organisations to achieve financial stability through transition funding and it is recommended that this separate funding stream is now closed as it was not being well used.

4.6. Strategic grants

a) Music and Dance Commissions

Both the Music and the Dance Commission are due to finish in March 2016. It is recommended that Hampshire County Council gives notice to the partner providers, The Anvil and The Point, that the commissions will end in March 2016 and that no further funding will be provided for these programmes of activity. This will provide a £114,000 saving in 2016/17.

b) Making Space Management Agreement

The current five year agreement ends in March 2017 with an option to renew for a further five years. Three months notice of extension of contract is required for any period up to five years (by Dec 2016) and 12 months notice of termination (notification by March 2016). The Task and Finish Group will review this agreement for beyond 2017 by the end of 2015-16.

5. Financial implications

5.1. The total grant fund for 2015-16 was £1,160,000. Grant funding totalling £137,965² and awarded in 2015/16 has been transferred to other budgets within the Department, leaving £1,022,000 distributed in 2015/16 as detailed in Table A.

<i>Table A</i> Cultural and Community Grants	2015/16 Total awarded £ '000	2016-17 Proposed Grants £ '000	Total Savings Reduction £ '000
Culture and Recreation Investment Fund	628.5	590	38.5
Community Investment Fund	101.5	96	5.5
Culture and Community Activity grants	87	100	+13
Organisational Change Fund	6	0	6
Music & Dance Commissions	114	0	114
Making Space	34	34	0
Contingency (new applications etc)	51*	102	+51
Total spend	1,022	922	100

* £16,040 of the contingency is allocated to offset the loan to the Winchester Theatre Royal loan.

5.2. The grant figures proposed in *Table A* model the impact of the savings proposals outlined in section 4. These proposals deliver £100,000 savings whilst still allowing a £102,000 contingency element of the grants budget for new applications under the two Investment Funds. Both the Investment Funds are open to new applications and the contingency is intended to allow for this.

6. Equality impact analysis

6.1. In making the decision to approve the proposals put forward, the Executive Member should note the impacts identified. See Appendix A for the full Equality statement. The proposed reductions will have an impact on organisations across Hampshire. The overall impact is considered to be low for the protected characteristics. The Community Investment Fund

² Transfer agreed by Executive Member Culture, Recreation & Countryside - [Grant Funding for Culture and Community Organisations in Hampshire 2015/16](#) – 4 December 2014

incorporates the Indices of Multiple Deprivation in the assessment criteria to focus the allocation of funding in the areas of greatest need. The impact has been looked at for each organisation that has a history of receiving a grant from the Council, taking into consideration financial stability, reserves and ability to manage the proposed reduction. The coming to an end of the Music and Dance Commissions delivers most of the savings and will have the least destabilising effect for the rest of the local cultural and community organisations.

7. Other key issues and proposals

- 7.1. The Council has the right to nominate a Council Member to attend the Board meeting of the organisations that receive Culture and Recreation Investment Funds. This presents an opportunity for involvement with these organisations that can be utilised more effectively by being much clearer about the expectations of the role and the feedback that may be provided to the Council as a funder. The current County Council representatives are listed in Appendix 1.
- 7.2. From now on, when appointed to attend the Board meeting of a particular organisation, the relevant County Councillor will be briefed about the organisation and the history of its relationship to Hampshire County Council. It is also proposed that these Councillors get together in the early autumn each year to feedback on their experiences.
- 7.3. It is recommended that the Council only appoints a representative to attend Board meetings, usually as an observer or non-voting Board Member unless the Council has a nominated Trustee, if the grant made by the Council to the organisation exceeds £30,000. If approved this would mean that the County Council no longer needs to appoint representatives to the Phoenix Theatre and Queen Elizabeth II Activity Centre. A representative would need to be appointed to St. Barbe Museum.
- 7.4. The Executive Member retains an element of discretion in considering and awarding grants and will continue to be informed of those organisations that have applied for funding but do not meet the criteria or have not been recommended for funding for other reasons.

8. Legal implications

- 8.1. Legal Implications: The Council has wide powers under Section 19 Local Government (Miscellaneous Provisions) Act 1976 to provide recreational facilities and to contribute by way of a grant or loan towards the expenses incurred by voluntary bodies in providing such facilities and activities.

9. Future direction

- 9.1. It is recommended that the Task and Finish Group reconvene in the autumn to consider the findings of the County Council's '*Shaping Hampshire*' Spending Review Consultation and to continue the review of grant funding to culture and community organisations. This will focus specifically on

considering in more detail the options and implications of the expected need for further budget reductions. The Group will make further visits to funded organisations, receive presentations, assess the Performing Arts Review and make recommendations to the Executive Member in 2016.

10. Recommendation(s)

10.1. That the Executive Member for Culture, Recreation and Countryside;

- Approves the proposals set out in Section 4 of this report (which are summarised in Appendix 1 and 2) and approve the criteria changes (as set out in Appendix 3)
- Approves the appointment of a County Councillor as an observer/non voting representative on the Board of every organisation receiving a grant of £30,000 or more
- Approves the reconvening of the Select Committee Task & Finish Group to consider the findings of the County Council's '*Shaping Hampshire*' Spending Review Consultation.

Appendices

A	Corporate Priorities
B	Equality Impact Assessment
1	2015-09-14 - EMCRC - Appendix 1 - Culture & Recreation Investment Fund recommendations for 2016/17
2	2015-09-14 - EMCRC - Appendix 2 - Community Investment Fund recommendations for 2016-17
3 (1)	2015-09-14 - EMCRC - Appendix 3 (1) Culture & Recreation Investment Fund criteria
3 (2)	2015-09-14 - EMCRC - Appendix 3 (2) Community Investment Fund criteria
3 (3)	2015-09-14 - EMCRC - Appendix 3 (3) Activity Grants criteria

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes
Maximising well-being:	yes
Enhancing our quality of place:	yes

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Grant Funding for Culture and Community Organisations in Hampshire 2015/2016	6260	04/12/2014
Grants Review 2015 – Task and Finish Group (SC)	6405	19/01/2015
Grant Funding for Culture and Community Organisations in Hampshire 2015/2016	6388	19/01/2015
Grant Funding for Culture and Community Organisations in Hampshire 2015/2016	6506	05/03/2015
Grant Funding for Culture and Community Organisations in Hampshire 2015/2016	6726	16/07/2015
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

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.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality duty:

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

Equalities Impact Assessment:

Consultation

In February 2015 all of the organisations that received Investment Funding in 2015/16 were formally notified of this review of the financial support through grant funding to cultural and community organisations. The letter informed them of the County Council's need to reduce its budget by a further £98m by April 2017 meaning a further potential reduction in the CCBS grants' budget of £100,000 by April 2017 and of a likelihood of a further budget reduction of the same magnitude by 2020.

The letter informed them that the purpose of the review is to plan for these reductions as the impact of these reductions is likely to affect all funded organisations and activities. All of the organisations that receive Investment Funding have, as a condition of the 2015/16 grant, been asked to develop a financial strategy. This strategy should set out the organisation's approaches to achieve financial sustainability with much less reliance on grant funding from the County Council in future years.

From March to July a sub-group of Councillors from the Culture & Communities Select Committee has undertaken a detailed review of grants and as part of this process visited a selection of the organisations currently receiving the largest amounts of funding. The overall impact of these proposals is considered to be low. However, the impact of the review of grant funding to voluntary and community organisations will mean that the total number of organisations

receiving a grant from CCBS in the future will be fewer, and some organisations will receive a smaller grant.

Impact identified and mitigating actions

It is likely that there will be an impact on people across Hampshire as the organisations that receive funding are spread geographically right across the county. The Council has considered the financial stability of the organisations receiving Investment Funds, and the outcomes achieved through the grant funding. It is difficult to assess the direct impact on the people who are the customers and users of the organisations and projects affected by these reductions in grant funding, but the mitigation of impact has been considered in reviewing the whole of the grant funds and in the reasons for making the specific recommendations below.

As a result of proposed changes to the criteria for the two Investment Funds, three of the organisations currently receiving a grant will no longer be eligible. They are The Nuffield Theatre in Southampton, and the Community Associations in Alton and Denmead. The assessment of the allocation of grant funding to Community Associations takes account of the Indices of Multiple Deprivation so that grant funding is focussed on the areas of most need and highest deprivation. These 2 associations are in the least deprived category and their funding level also now falls below a new minimum threshold of £3,000 for receiving a grant.

The savings proposals include ending the Music and Dance Commissions which were delivered respectively by The Anvil and The Point. As these were commissioned delivery programmes and the Council has no requirement to continue these, a significant proportion of the required savings can be achieved through ending these. The Commissions provided additional capacity to the work of these organisations to provide opportunities for young people to experience and get involved in music and dance. They do not form part of the core revenue funding of either the Anvil or The Point. The opportunities for young people in music and dance will still be available through The Point, The Anvil and other organisations providing similar activities across Hampshire.

The third aspect of the savings proposals is a recommended 2% reduction in funding to some, but not all, of the organisations that apply for annual Investment Funds. It is proposed that five of the Community Associations receive a 2% reduction in their 2016/17 grant. This has been recommended where the Council's funding represents a small percentage of the organisations turnover, the organisation is in a less deprived area or it is considered that there are good income opportunities to manage the impact of the reduction.

It is proposed that 11 of the Culture & Recreation Investment Funded organisations receive a 2% reduction in their 2016/17 grant which is thought to be a manageable reduction for all these organisations and will contribute £5,500 to the overall savings. Two organisations were identified through the detailed review of financial position as requiring continued support in order to develop their financial stability for the future; therefore it is proposed that the Winchester Theatre Royal and The Spring in Havant will not have a grant reduction in 2016/17.

It is proposed that the amount of funding that is available in 2016/17 for Culture and Community Activity grants is maintained at the same level so that this fund can continue to support the widest range of smaller community based organisations across the county. The criteria has been adjusted to introduce a minimum grant of £1,000 which will make the management of this fund more efficient removing the need to assess a number of applications for very small amounts. The total number of projects supported may reduce a little as a result of the minimum amount criteria.

[Equality Impact Assessment – Review of Grant funding to Cultural and Community Organisations](#)

2. Impact on Crime and Disorder:

2.1 The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

3.1 There is no impact of these proposals on the Council's carbon footprint / energy consumption.

3.2 There is no direct impact of these proposals in relation to the need to adapt to climate change and be resilient in its longer term impacts