

Committee(s):	Date(s):	Item no.
Culture, Heritage & Libraries Finance	26 January 2015 17 February 2015	
Subject: City of London Festival 2014 Programme		Public
Report of: Director of Culture, Heritage & Libraries and the Chamberlain		For Information/Decision

Summary

The City Arts Trust has presented a report on the 2014 City of London Festival, comprising 266 events over 26 days, their largest-ever programme. They achieved total audiences in excess of 600,000 and raised over £320,000 in corporate sponsorship, but the financial outturn overall was a deficit of ca.£170,000. The Trust and the Festival Director have reviewed the situation and following discussion with the Chamberlain it has been agreed that the payment schedule for their 2015 grant will be brought forward by two months to help their cash flow. They are confident that the 2015 Festival will achieve its income targets and a balanced budget. The request for confirmation of the Corporation's grant to the City Arts Trust for 2016 will be brought to this Committee in late May 2015 by which time there will be more information on the financial situation.

Recommendations

Members are asked to

- note to contents of the report and its highlights
- note the requests to reschedule the 2015 grant to the Trust, so that the whole £297,000 is paid in three instalments by the end of March 2015 rather than May as originally envisaged
- [for Finance Committee only]: agree to defer the repayment of the £150,000 loan for the Bowler Hat so that it is paid in five instalments between March 2016 and March 2020
- note that a further report will be brought in May 2015 regarding the 2016 grant to the Festival.

Main Report

Background

1. The Culture, Heritage & Libraries Committee has responsibility for awarding City funding to the City of London Festival, and for reviewing its programme and activities. The purpose of this report is to introduce the Festival's reports on its 2014 programme, the first under the direction of Paul Gudgin.

Current Position

2. The Festival, through its management board the City Arts Trust, receives two discrete blocks of funding from the Corporation. Its major grant (set at the level of £297,000) supports the Festival's core ticketed programme, while a smaller grant (£87,676) is devoted to a programme of free outdoor events. This smaller grant is itself divided between a summer programme, running alongside the core Festival, and a freestanding winter programme.
3. The attached documents include the Festival's report on its 2014 programme. A few key points may be brought out:
 - This was the Festival's largest-ever programme, with 266 events in 57 venues, over 26 days
 - The new Bowler Hat pop-up venue in Paternoster Square helped to broaden the range and audience reach
 - Corporate fundraising exceeded the 2013 total, bringing in £323,600
 - Significant uplift in the media support and influential media engagement, including two features on the *Today* programme
 - The financial outturn did however generate a deficit of ca.£170,000 and remedial action is needed to sustain the Festival in future years.
4. A separate appendix summarises the reasons for the deficit. Some sponsorship which had been anticipated following negotiation failed to materialise, and ticket sales did not always meet targets. Lessons have been learned from this and the 2015 Festival will be consolidated into a shorter time period, delivered by a restructured staff team including more fundraising capacity. The City Arts Trust have set up a Finance and Risk Committee to oversee financial performance more closely.
5. The 2014 deficit has created some cash flow difficulties for the Festival which have been mitigated following a meeting including the Chamberlain and the Chairman of the City Arts Trust. It has been agreed that the payment schedule for the 2015 grant (whose quantum was agreed by this Committee in January 2014) will be brought forward by two months so that the money is all available before the beginning of April. Meanwhile, documentation from the City Arts Trust Finance and Risk Committee will be shared with the Chamberlain so that the ongoing financial position can be monitored.
6. The new festival pop-up venue in the shape of a Bowler Hat, which was used in Paternoster Square for the first time in 2014, was financed with a loan of £150,000 agreed by the Finance Committee in February 2014, to be repaid to the Corporation in five instalments from 2015 onwards. The City Arts Trust has presented a projected budget 2015-18 which achieves steadily increasing surpluses, provided that the loan payments are deferred by one year, so that the first payment is not made until 2016. Commencing repayments in 2015 would place the Festival Budget in deficit in each year from 2015 to 2017. Members

of Finance Committee are therefore asked to agree this. The total quantum to be repaid remains unchanged.

7. In these circumstances, it is felt advisable to defer the request for the 2016 grant (which would normally come to the January Committee meeting) until May, when it will be clearer whether the income targets for the 2015 Festival are likely to be met.

Conclusion

8. For over 50 years, the Festival has enlivened the Square Mile with a distinctive and unique range of cultural activities across many venues. It is a valued part of the City's overall cultural portfolio and has had a challenging year. Its new Director had a brief to broaden the Festival's audience reach and has sought to do that in a very tough climate for public and corporate sponsorship of the arts. The City Arts Trust understands the importance of returning to a balanced budget, generating a surplus to rebuild reserves, and has demonstrated that it has a plan to achieve that. This will be monitored and it is hoped that positive further reports will be brought to your Committee as the year unfolds.

Appendices

1. The City Arts Trust: Report to the City of London Corporation: 2014 City of London Festival
2. City of London Festival: description of issues leading to the current cash-flow difficulties
3. 2015-2018 City of London Festival Budget

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