

City of London Festival

Description of issues leading to the current cash-flow difficulties.

Background

The 2014 Festival saw a significant change with the appointment of a new Festival Director, Paul Gudgin who started with the Festival in August 2013. He was given a mandate to produce a bold programme which would raise the profile of the Festival and re-connect the event to The City. This is a fairly tight timescale.

One of the key initiatives was a project to commission a new Pop Up venue for the Festival, a 200 seat inflatable Bowler Hat. It was anticipated that the venue would provide a much needed physical presence for the Festival as well as enable a much wider and less formal range of events than had been possible previously.

While the Board were expecting a deficit in the region of £99,000 as reported to the March board, that figure climbed to £172,471 due to a combination of circumstances described below.

Sponsorship and Fundraising

Sponsorship and Corporate members subscriptions came in slightly above the budgeted figure. However, we had hoped the result would be stronger still. Two promising sponsorship leads each for over £30,000 were declined a quite a late stage in the planning cycle.

We made a considerable number of requests to Trusts and Foundations for support, probably more than in any previous year and even had a freelancer dedicated to that task for much of the time. This did not prove to be a fruitful avenue for the Festival as we only achieved £30,300 against a budget of £100,000 reflecting the challenge of fundraising in this area at present. We were able to secure two Arts Council grants totalling £30,000 but the fundraising climate with public sector organisations is extremely challenging currently.

Seoul in the City

One of the key features of the Festival was a series of events involving Korean artists called 'Seoul in the City'. The Festival worked closely with the Korean Embassy and the Korean Arts Council on this project. The Korean Arts Council had indicated in the autumn of 2013 that they would be able to make available £115,000 for the Seoul in the City project. However, while they invested considerably more in the project overall, only £52,691 came in the form of grants directly to the Festival as the remainder they spent directly on artists fees.

We also worked closely with the Embassy on attracting sponsors to the event with a target of £90,000. While we were able to draw in partners such as Samsung, Hyundai, Doosan and LG, sponsorship did not reach the required level.

Seoul in the City was a complex project that involved a number of corporate and public partners. While overall grants, ticket sales and sponsorship exceeded the costs of this element of our programme, income still fell short of expectations.

The Bowler Hat

The Festival's other key project was the new Bowler Hat venue. This project was only going to be possible with the support of the City of London Corporation to enable us to buy the structure. The decision to offer support made by the City's

Finance Committee on 18 February 2014. While very welcome this did not give the Festival a great deal of time to take full advantage of the programming and commercial potential in time for the Festival. While costs were kept well under control, ticket sales and earned income did not reach their targets.

In summary the main problems for the Festival in 2014 were related to income. From the March board meeting savings of £61,365 were made against budget but these were offset by a shortfall of £130,410 in projected income.

Lessons Learned and Changes Implemented

Financial Management

The Festival now has a Finance and risk committee made up of three members of the Festival board who meet four times a year with the Director and the Finance Manager to discuss financial strategy and to scrutinise the Festival accounts in more detail than is possible at regular board meetings.

Planning Cycle

Festival planning is already at a more advanced stage than was possible in the previous year with the appointment of a new Director and sponsorship and grant applications have been made much earlier than last year.

Board Changes

With a number of board members reaching the end of their term, the board's nominations committee are proactively seeking new board members with experience in finance or contacts in the corporate world a priority. The Festival also has a new Chairman, Michael Hoffman, with a strong background in managing major financial organisations and charring arts boards.

Consolidation

The Festival in 2015 will see the event consolidated into a 19 day period rather than the 26 days in 2014. This brings the Festival into line with many similar events and also enables the Festival to make some significant cost savings.