

Committee(s)	Dated:
Culture, Heritage and Libraries	13 July 2015
Subject:	Public
City of London Festival 2016 grant	
Report of:	For Decision
Director of Culture, Heritage and Libraries	

Summary

It was agreed in January 2015 that the 2015 grant to the City Arts Trust to run the City of London Festival could be released earlier than usual, in order to help with cashflow issues. It was also agreed (by Finance Committee) that the repayments of the loan to the Trust for the Festival's Bowler Hat, due to begin in 2015, would be rescheduled so as to begin one year later. Consideration of the Trust's application for a 2016 grant was deferred until summer 2015.

The Trust has now presented its request for funds for 2016, based upon a positive report on the progress of the 2015 Festival and a budget which is anticipated to make a small surplus. It was necessary to suspend use of the Bowler Hat in 2015 but its return is planned for 2016. The budget projections for 2016-18 show a growing surplus.

It should be noted that a report on the Festival's financial situation is due to be taken to Finance Committee in September 2015.

Recommendation(s)

Members are asked to delegate the decision to agree the funding for the 2016 Festival (a grant of £355,825 to the City Arts Trust, comprising a core grant of £274,725 plus £81,100 for free events and the winter series) to the Chairman and The Chamberlain. The decision will be based on confirmation of the robustness of the financial position through the receipt of a satisfactory report on the financial outturn of the 2015 Festival, including full responses to any reasonable queries arising out of that report, and an assessment of the 2016 budget plans.

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 Committee's budget for 2016 includes provision for its £355,825 for the Festival, made up of a core grant of £274,725 plus £81,100 free events and winter series; this represents a reduction of 7.5% from the previous year's budget, agreed as part of the Service Based Review proposals. The grant is made to the Festival's management board, the City Arts Trust.

Current Position

2. In January 2015, financial pressures generated by the deficit returned on the 2014 Festival led the Trust to ask the Corporation for early release of funds from the 2015 grant, and to reschedule the loan repayments due on the Bowler Hat,

the pop-up venue which was commissioned in 2014 (£150,000, to be repaid over five years). These requests were agreed by the Culture, Heritage and Libraries Committee and by the Finance Committee, subject to increased communication on financial matters between the Trust and the Corporation, and the delivery of trustworthy budget projections demonstrating that future Festivals will break even or generate a surplus. The Finance Committee has requested a further report on the Festival's financial situation in September 2015.

3. The Trust has now presented a report on the 2015 Festival, plans for 2016, and budget projections for 2015-18. Key points include:
 - The 2015 Festival is projecting a small surplus (just under £1000); the budgets for 2016-18 suggest larger surpluses, growing from £16,148 in 2016 to £50,474 in 2018
 - The 2015 Festival has a record number of sold-out events
 - The Festival's staff and cost base has been significantly restructured, taking on board the lessons from the 2014 overspend
 - Corporate sponsorship, which is an important element in the Festival's budget, is continuing to prove challenging, but a number of new sponsors have been engaged in 2015
 - The costs attached to running the Bowler Hat in Paternoster Square led to it being cancelled for 2015 but its return is planned for 2016.
- 4 It should be added that reports from the Trust's Finance Committee have, as agreed, been shared with the Corporation and have been scrutinised by the Chamberlain. A meeting including the Chamberlain and the Trust's Chairman was held earlier this year to discuss the situation.
- 5 The Chamberlain has been consulted on the current bid and has advised that a decision on funding the 2016 Festival should be deferred until a clearer picture of the actual outturn for 2015 is available. It is therefore recommended that the Committee agree in principle to releasing funds for 2016, but that a final decision should be delegated to the Chairman and the Chamberlain. Their decision will be based on confirmation of the robustness of the financial position through the receipt of a satisfactory report on the financial outturn of the 2015 Festival, including full responses to any reasonable queries arising out of that report, and an assessment of the 2016 budget plans.
- 6 Although the financial situation of the Festival has been difficult, it continues to be an important part of the cultural landscape of the City, animating the Square Mile with a wide variety of concerts, debates, events and entertainments. It reaches across the whole of the City in a distinctive way and it continues to receive good reviews and feedback.

Conclusion

7. 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 although like many arts providers it is finding the financial climate challenging. While the Corporation will want to support the Festival going into the future, it is prudent at this stage to defer a definite decision on funding for 2016 on a fuller knowledge of the outturn for the current year.

Appendices

- The City Arts Trust Ltd: bid for funding for 2016
- City of London Festival 2015 Budget
- 2016-2018 City of London Festival Budget

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