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| <b>Committee:</b>                                              | <b>Date:</b>           |
| Finance Committee                                              | 17 November 2015       |
| <b>Subject:</b><br>City of London Festival – Cash Flow Report  | <b>Public</b>          |
| <b>Report of:</b><br>Director of Culture, Heritage & Libraries | <b>For Information</b> |

### **Summary**

In 2014 your Committee agreed to a loan of £150,000 to the City Arts Trust, for the purchase of a pop-up venue for the City of London Festival (the Bowler Hat). This loan was to be repaid in five equal instalments of £30,000 per annum, beginning in 2015. Following cashflow difficulties after the 2014 Festival, the Finance Committee agreed in February 2015 that this loan repayment schedule should be deferred by one year. This report provides an update, as requested, on the Festival's cashflow situation and reassurance that loan repayments will begin in 2016 as promised.

### **Recommendations**

Members are asked to note the contents of the report.

### **Main Report**

#### **Background**

1. The Culture, Heritage & Libraries Committee has responsibility for awarding City of London Corporation funding to the City of London Festival (via its management body, the City Arts Trust), and for reviewing its programme and activities. The Finance Committee separately approved, in 2014, a loan of £150,000 to the Trust for the purchase of a new pop-up venue for the Festival (the Bowler Hat), to be repaid over a five-year period beginning in 2015.
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 £274,725) supports the Festival's core ticketed programme, while a smaller grant (£81,100) 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. Cashflow difficulties at the Festival after the 2014 programme led to the Trust requesting a restructuring of its grant for 2015. This request was approved by the Culture, Heritage and Libraries Committee in January 2015. The Festival also requested a deferment of the annual repayment schedule for the Bowler Hat loan so that these commence in 2016, not 2015. This request was approved by the Finance Committee in February 2015. The Finance Committee also asked for the submission of an interim cashflow report after six months, which this report provides.

## **Current Position**

4. These requests followed on from the financial outturn of the 2014 programme, which (notwithstanding artistic successes) ended with a deficit of c.£170,000. As a result, the Culture, Heritage & Libraries Committee postponed consideration of the grant request for 2016 until the 2015 outturn was known, towards the end of summer 2015. The resignation of the Festival Director (Paul Gudgin) provided a further opportunity to reflect on future options regarding the Festival's future scope and structure.
5. A number of meetings took place during August 2015, involving (among others) the Chairman and Deputy Chairman of the Culture, Heritage & Libraries Committee, the Chamberlain, and the Chairman of the City Arts Trust. The outturn figure for 2015 was a much improved small deficit of c.£12K and after considering various options it was agreed that the 2016 grant to the Trust should be awarded. The summary accounts for the 2015 Festival, as at September 2015, are attached as Appendix A. A projected cashflow for 2015-16 at Appendix B.
6. The Chairman of the Trust has provided assurances that the Festival will return to surplus and that Bowler Hat loan repayments (which are factored in to the 2016 cashflow) will begin on schedule. The Culture, Heritage & Libraries Committee, in discussing the Festival at its September 2015 meeting, noted the importance of regular communications between the Trust and the Committee, to ensure that clear models of accountability are in place both artistically and financially. The Trust has established a separate Finance and Risk Committee whose papers, along with those of the Trust Board, are to be shared with corporation officers on a regular basis.
7. The Trust is still in the process of recruiting a new Festival Director to succeed Paul Gudgin but an outline programme for 2016 has been devised. It has been made clear to the Trust that the Culture, Heritage & Libraries Committee will need to monitor the financial as well as the artistic success of the 2016 Festival and that any commitments will be dependent upon those outcomes.

## **Conclusion**

8. The Festival and the City Arts Trust are in a period of some transition and regrouping and the situation will continue to be monitored. The current Chairman of the Trust believes strongly in its ongoing sustainability, subject to what is needed by way of recruitment and ongoing City funding, and there continues to be much support for the Festival as a distinctive part of the Square Mile's cultural offer. The Trust has reassured the Corporation that Bowler Hat loan repayments will begin in 2016 and the cashflow projection which they have supplied supports that. Further reports will be provided to the Culture, Heritage & Libraries and Finance Committees as necessary.

## **Appendices**

- A. City of London Festival summary outturn report 2015
- B. City of London Festival cashflow projections 2016

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**City of London Festival**

**Appendix A**

Summary of changes between original budget and forecast out-turn  
As at 7 September 2015

|                                          | <u>Original Budget</u><br><u>To Board</u> | <u>Forecast</u><br><u>out-turn</u> | <u>Variance</u>         |                                                      |
|------------------------------------------|-------------------------------------------|------------------------------------|-------------------------|------------------------------------------------------|
| <b>Income</b>                            |                                           |                                    |                         |                                                      |
| Ticket sales                             | 179,000                                   | 131,969                            | (47,031)                |                                                      |
| CoL core grant                           | 297,000                                   | 297,000                            | 0                       |                                                      |
| Sponsorship income                       | 350,000                                   | 292,850                            | (57,150)                |                                                      |
| Gifts in Kind                            | 0                                         |                                    |                         |                                                      |
| Donations - Trusts and Foundations       | 145,000                                   | 47,350                             | (12,657)                |                                                      |
| Donations - Public Funding               | inc above                                 | 84,993                             |                         |                                                      |
| City of London - other                   | 87,676                                    | 87,676                             | 0                       |                                                      |
|                                          | <u>232,676</u>                            | <u>220,019</u>                     | <u>(12,657)</u>         |                                                      |
| Advertising income                       | 20,000                                    | 14,456                             | (5,544)                 |                                                      |
| Individual giving                        | 80,000                                    | 54,859                             | (25,141)                |                                                      |
|                                          | 682,676                                   | 582,184                            | (100,492)               |                                                      |
| Street Guitar profits from extended loan | 0                                         | 200                                | 200                     |                                                      |
| Profit on interval drinks                | 0                                         | 1,100                              | 1,100                   |                                                      |
| Investment income                        | 0                                         | 0                                  | 0                       |                                                      |
| Bank interest earner                     | 100                                       | 100                                | 0                       |                                                      |
| <b>TOTAL INCOME</b>                      | <b><u>1,158,776</u></b>                   | <b><u>1,012,553</u></b>            | <b><u>(146,223)</u></b> | overall reduction                                    |
| <b>Expenditure</b>                       |                                           |                                    |                         |                                                      |
| <b>Overheads</b>                         |                                           |                                    |                         |                                                      |
| <b>Staff costs</b>                       |                                           |                                    |                         |                                                      |
| Full-time salaried staff                 | 280,000                                   |                                    |                         |                                                      |
| Freelance fees/volunteer expenses        | 34,000                                    |                                    |                         |                                                      |
| <b>Sub-total</b>                         | 314,000                                   | 322,090                            | 8,090                   | extra                                                |
| <b>Office and premises</b>               | 61,500                                    | 57,700                             | (3,800)                 | saving                                               |
| <b>Other</b>                             |                                           |                                    |                         |                                                      |
| Staff expenses                           | inc below                                 | 1,500                              |                         |                                                      |
| Financial and professional costs         | inc below                                 | 7,403                              |                         |                                                      |
| Development costs                        | inc below                                 | 4,850                              |                         |                                                      |
| Other general costs                      | inc below                                 | 9,900                              |                         |                                                      |
| <b>Sub-total</b>                         | 14,000                                    | 23,653                             | 9,653                   | extra                                                |
| <b>Equipment</b>                         | 0                                         | 0                                  | 0                       |                                                      |
| <b>Depreciation and contingency</b>      |                                           |                                    |                         |                                                      |
| Depreciation charges                     | 29,990                                    | 30,132                             |                         |                                                      |
| Contingency                              | 10,000                                    | 0                                  |                         |                                                      |
| <b>Sub-total</b>                         | 39,990                                    | 30,132                             | (9,858)                 | extra                                                |
| <b>Sub-total of overheads</b>            | 429,490                                   | 433,575                            | 4,085                   | extra                                                |
| <b>Performers</b>                        | 227,000                                   | 258,335                            | 31,335                  | extra                                                |
| <b>Technical</b>                         | 209,000                                   | 140,115                            | (68,885)                | saving                                               |
| <b>Event staffing</b>                    | 64,000                                    | 28,315                             | (35,685)                | saving                                               |
| <b>Other event costs</b>                 | 36,000                                    | 32,910                             | (3,090)                 | saving                                               |
| <b>Marketing</b>                         | 95,000                                    | 91,009                             | (3,991)                 | extra                                                |
| L&P                                      | 27,000                                    | 24,687                             | (2,313)                 | saving                                               |
| FWS                                      | 18,000                                    | 15,825                             | (2,175)                 | saving                                               |
| Outdoor                                  | 49,000 inc above                          | 0                                  | (49,000)                | costs inc. above                                     |
| <b>TOTAL EXPENDITURE</b>                 | <b><u>1,154,490</u></b>                   | <b><u>1,024,771</u></b>            | <b><u>(129,719)</u></b> | overall saving                                       |
| <b>SURPLUS/(DEFICIT)</b>                 | <b><u>4,286</u></b>                       | <b><u>(12,219)</u></b>             | <b><u>(103,618)</u></b> | <i>From</i> Bowler Hat (BH)                          |
|                                          |                                           |                                    | (2,175)                 | FWS                                                  |
|                                          |                                           |                                    | (2,313)                 | L&P                                                  |
|                                          |                                           |                                    | (3,991)                 | Marketing                                            |
|                                          |                                           |                                    | 4,085                   | Overheads                                            |
|                                          |                                           |                                    | (108,012)               |                                                      |
|                                          |                                           |                                    | (21,707)                | Remainder of savings from other event types, less BH |
|                                          |                                           |                                    | <b><u>(129,719)</u></b> |                                                      |

| Week ending:                                                | Sept 15 b/f      | Oct 15                    | Nov 15                    | Dec 15                    | Jan 16                    | Feb 16                    | Mar 16                    | Apr 16                    | May 16                    | Jun 16                    | Jul 16                    | Aug 16                    | Sep 16                    | Total               | Cash in/out re Budget 2016 | Debtors / Creditors at Sep16 | Budget 2016         | Figures for allocation |
|-------------------------------------------------------------|------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------|----------------------------|------------------------------|---------------------|------------------------|
| <b>Income:</b>                                              |                  |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                     |                            |                              |                     |                        |
| 2015 Debtors b/f                                            |                  | 50,000.00                 | 49,533.00                 | -                         |                           |                           |                           |                           |                           |                           |                           |                           |                           | 99,533.00           |                            |                              |                     |                        |
| Fundraising and sundry income                               |                  | 6,260.00                  | -                         | 3,443.00                  | 14,085.00                 | 36,621.00                 | 4,382.00                  | 4,382.00                  | 62,600.00                 | 39,751.00                 | 28,170.00                 | 102,977.00                | 10,329.00                 | 313,000.00          | 313,000.00                 | 20,000.00                    | 333,000.00          | 313,000.00             |
| Fundraising - grants, donations and public funding          |                  | 1,072.50                  | 247.50                    | 6,600.00                  | 3,960.00                  | 3,300.00                  | 11,385.00                 | 17,655.00                 | 16,830.00                 | 85,140.00                 | 2,475.00                  | 15,840.00                 | 495.00                    | 165,000.00          | 165,000.00                 | 30,000.00                    | 195,000.00          | 165,000.00             |
| Corporation - core/extra                                    |                  |                           |                           |                           | 91,575.00                 |                           |                           | 91,575.00                 |                           |                           | 91,575.00                 |                           |                           | 274,725.00          | 274,725.00                 |                              | 274,725.00          | 274,725.00             |
| Corporation - other                                         |                  |                           |                           |                           | 21,897.00                 |                           |                           |                           |                           |                           | 59,203.00                 |                           |                           | 81,100.00           | 81,100.00                  |                              | 81,100.00           | 81,100.00              |
| Box office VATable                                          |                  |                           |                           |                           | 1,580.00                  | 15,800.00                 | 1,580.00                  | 23,226.00                 | 28,914.00                 | 31,600.00                 | 17,380.00                 | 37,920.00                 |                           | 158,000.00          | 158,000.00                 |                              | 158,000.00          | 158,000.00             |
| Bank interest                                               |                  |                           |                           | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 10.00                     | 100.00              | 100.00                     |                              | 100.00              | 100.00                 |
| VAT repayments                                              |                  |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | -                   |                            |                              |                     |                        |
| <b>TOTAL CASH IN</b>                                        |                  | <b>57,332.50</b>          | <b>49,780.50</b>          | <b>10,053.00</b>          | <b>133,107.00</b>         | <b>55,731.00</b>          | <b>17,357.00</b>          | <b>136,848.00</b>         | <b>108,354.00</b>         | <b>156,501.00</b>         | <b>198,813.00</b>         | <b>156,747.00</b>         | <b>10,834.00</b>          | <b>1,091,458.00</b> | <b>991,925.00</b>          | <b>50,000.00</b>             | <b>1,041,925.00</b> | <b>991,925.00</b>      |
| <b>Cumulative income to date</b>                            |                  | <b>57,332.50</b>          | <b>107,113.00</b>         | <b>117,166.00</b>         | <b>250,273.00</b>         | <b>306,004.00</b>         | <b>323,361.00</b>         | <b>460,209.00</b>         | <b>568,563.00</b>         | <b>725,064.00</b>         | <b>923,877.00</b>         | <b>1,080,624.00</b>       | <b>1,091,458.00</b>       |                     |                            |                              |                     |                        |
| <b>EXPENDITURE</b>                                          |                  | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> | <b>Consolidated Items</b> |                     |                            |                              |                     |                        |
| 2015 creditors b/f                                          |                  | 76,780.00                 |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | 76,780.00           |                            |                              |                     |                        |
| 2014 creditors b/f                                          |                  |                           |                           |                           | 14,882.15                 |                           |                           |                           |                           |                           |                           |                           |                           | 14,882.15           |                            |                              |                     |                        |
| Artists                                                     |                  | -                         | -                         | -                         | 2,270.00                  | 5,675.00                  | 5,675.00                  | 7,945.00                  | 10,215.00                 | 45,400.00                 | 102,150.00                | 29,510.00                 | 18,160.00                 | 227,000.00          | 227,000.00                 |                              | 227,000.00          | 227,000.00             |
| Corporation fund events                                     |                  | -                         | -                         | -                         | -                         | 11,900.00                 | 2,040.00                  | 3,060.00                  | -                         | -                         | -                         | -                         | -                         | 17,000.00           | 17,000.00                  |                              | 17,000.00           | 17,000.00              |
| Venue and technical                                         |                  | -                         | -                         | -                         | -                         | -                         | 3,370.00                  | 3,370.00                  | 5,055.00                  | 45,495.00                 | 25,275.00                 | 50,550.00                 | 35,385.00                 | 168,500.00          | 168,500.00                 |                              | 168,500.00          | 168,500.00             |
| Event staffing                                              |                  | -                         | -                         | -                         | -                         | -                         | -                         | -                         | 4,700.00                  | 5,640.00                  | 6,110.00                  | 25,850.00                 | 4,700.00                  | 47,000.00           | 47,000.00                  |                              | 47,000.00           | 47,000.00              |
| Other event costs                                           |                  | -                         | -                         | -                         | -                         | -                         | -                         | -                         | -                         | 420.00                    | 280.00                    | 27,300.00                 | -                         | 28,000.00           | 28,000.00                  |                              | 28,000.00           | 28,000.00              |
| Marketing                                                   |                  | -                         | -                         | 950.00                    | 950.00                    | 10,260.00                 | 4,465.00                  | 3,800.00                  | 5,605.00                  | 17,670.00                 | 18,050.00                 | 19,000.00                 | 14,250.00                 | 95,000.00           | 95,000.00                  |                              | 95,000.00           | 95,000.00              |
| Administration fees                                         |                  | 19,780.61                 | 19,780.61                 | 20,094.59                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 28,258.02                 | 313,978.00          | 313,978.00                 |                              | 313,978.00          | 313,978.00             |
| Office/premises expenses                                    |                  | 722.83                    | 1,890.47                  | 10,008.36                 | 1,890.47                  | 2,335.28                  | 8,062.29                  | 1,723.66                  | 2,835.70                  | 14,790.13                 | 1,056.44                  | 1,946.07                  | 8,340.30                  | 55,602.00           | 55,602.00                  | 3,798.00                     | 59,400.00           | 55,602.00              |
| Receptions/hospitality, Staff exps, Miscellaneo             |                  | 217.85                    | 217.85                    | 217.85                    | 2,062.27                  | 2,178.45                  | 2,033.22                  | 2,178.45                  | 116.18                    | 1,452.30                  | 2,178.45                  | 217.85                    | 1,452.30                  | 14,523.00           | 14,523.00                  | 3,477.00                     | 18,000.00           | 14,523.00              |
| Bowler Hat loan repayment - £150k over 5 yrs from 19 Mar 16 |                  |                           |                           |                           |                           |                           | 30,000.00                 |                           |                           |                           |                           |                           |                           | 30,000.00           | 30,000.00                  |                              | 30,000.00           | 30,000.00              |
| VAT payments                                                |                  |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           | -                   | -                          |                              | -                   | -                      |
| Depreciation & Contingency                                  |                  |                           |                           | 100.00                    | 250.00                    | 250.00                    | 350.00                    | 450.00                    | 2,000.00                  | 4,500.00                  | 1,300.00                  | 800.00                    | 10,000.00                 | 10,000.00           | 19,666.00                  | 29,666.00                    | 10,000.00           | 10,000.00              |
| <b>TOTAL</b>                                                |                  | <b>97,501.29</b>          | <b>21,888.93</b>          | <b>31,270.80</b>          | <b>50,412.90</b>          | <b>60,856.75</b>          | <b>84,153.53</b>          | <b>50,685.13</b>          | <b>57,234.91</b>          | <b>161,125.45</b>         | <b>187,857.91</b>         | <b>183,931.94</b>         | <b>111,345.62</b>         | <b>1,098,265.15</b> | <b>1,006,603.00</b>        | <b>26,941.00</b>             | <b>1,033,544.00</b> | <b>1,006,603.00</b>    |
| <b>Cumulative expenditure to date</b>                       |                  | <b>97,501.29</b>          | <b>119,390.21</b>         | <b>150,661.01</b>         | <b>201,073.91</b>         | <b>261,930.67</b>         | <b>346,084.20</b>         | <b>396,769.33</b>         | <b>454,004.24</b>         | <b>615,129.69</b>         | <b>802,987.60</b>         | <b>986,919.53</b>         | <b>1,098,265.15</b>       |                     |                            |                              |                     |                        |
| <b>Surplus / month [-ve means loss]</b>                     |                  | <b>(40,168.79)</b>        | <b>27,891.57</b>          | <b>(21,217.80)</b>        | <b>82,694.10</b>          | <b>(5,125.75)</b>         | <b>(66,796.53)</b>        | <b>86,162.87</b>          | <b>51,119.09</b>          | <b>(4,624.45)</b>         | <b>10,955.09</b>          | <b>(27,184.94)</b>        | <b>(100,511.62)</b>       |                     |                            |                              | <b>8,381.00</b>     |                        |
| <b>Cumulative surplus/deficit to date</b>                   |                  | <b>(40,168.79)</b>        | <b>(12,277.21)</b>        | <b>(33,495.01)</b>        | <b>49,199.09</b>          | <b>44,073.33</b>          | <b>(22,723.20)</b>        | <b>63,439.67</b>          | <b>114,558.77</b>         | <b>109,934.31</b>         | <b>120,889.41</b>         | <b>93,704.47</b>          | <b>(6,807.15)</b>         |                     |                            |                              | <b>30,000.00</b>    |                        |
| <b>Cash at Bank projection</b>                              | <b>95,096.45</b> | <b>54,927.67</b>          | <b>82,819.24</b>          | <b>61,601.45</b>          | <b>144,295.54</b>         | <b>139,169.79</b>         | <b>72,373.26</b>          | <b>158,536.13</b>         | <b>209,655.22</b>         | <b>205,030.77</b>         | <b>215,985.86</b>         | <b>188,800.92</b>         | <b>88,289.30</b>          | <b>6,807.15</b>     |                            |                              | <b>38,381.00</b>    |                        |

add back depreciation charge surplus per budget