

<b>Committee:</b>	<b>Date:</b>
The City Bridge Trust Committee	25 September 2014
<b>Subject:</b> Strategic Initiative – London Theatre Consortium, Arts Apprenticeships	<b>Public</b>
<b>Report of:</b> Chief Grants Officer	<b>For Decision</b>
<b>Summary</b>	
<p>This report requests funding for one year towards a pilot initiative to support young people’s development within the Arts Apprenticeship programme.</p>	
<b>Recommendation</b>	
<p>To approve a grant of £50,000 over one year to Battersea Arts Centre on behalf of the London Theatre Consortium, for the operational costs of a programme to pilot and evaluate the ongoing engagement of young people as apprentices in the Arts.</p>	

## Main Report

### **Background**

1. The London Theatre Consortium (LTC) brings together 13 London theatres to work in partnership, in the belief that collaboration helps develop strong strategic and creative initiatives; and that sharing expertise, practice, and resources can maximise efficiencies. Battersea Arts Centre, a consortium member, is the nominated organisation for receiving and managing funds on behalf of the LTC as the latter is not a separately constituted organisation.
2. LTC comprises: Almeida, Battersea Arts Centre, Bush Theatre, Donmar, Greenwich Theatre, Lyric Theatre, Hampstead Theatre, Royal Court, Soho, Theatre Royal Stratford East, Tricycle, Unicorn, and Young Vic. Together they form a cornerstone of London’s reputation as a cultural capital. The consortium employs over 1,500 people per year; has a combined annual turnover of £50m; and generates an additional £4 for every £1 received from the Arts Council.
3. The consortium has had many successes. It has enabled significant savings to be achieved through shared procurement; there have been opportunities for peer support and shared learning amongst the workforce; and they have combined in a programme to make their services more environmentally sustainable.

## **Current Position**

4. In 2013 LTC was successful in bidding to the Arts Council's Creative Employment Programme, gaining funding of £42,000 to deliver 42 creative apprenticeships over two years for 16-24 year olds. The principal aim of LTC's bid was to establish a new route into the creative industries for non-graduates, in order "*to end the systemic lack of equality and diversity within our sector in the long term*".
5. You will be familiar with your own programme which match-funds the Arts Council's apprenticeship funding to eligible organisations in London. As your scheme commenced in October 2013 (after the first tranche of LTC apprentices were already in place) the Consortium was ineligible to apply to the Trust for this first intake. In 2013, the LTC apprenticeship scheme won an award for *Innovative Approaches to Recruiting Young People* and was shortlisted as *Apprentice Employer of the Year* at the Mayor's Fund for London awards.
6. With the first year of the LTC apprenticeship scheme soon to end, the consortium is well positioned to evaluate its strengths and weaknesses. For example it has found that most of the young people it recruited were not work ready and had very low literacy and numeracy skills. They needed a lot of support and could not be seen as effective employees from Day 1, as was envisaged originally. Towards the end of year 1 they were starting to gain confidence and skills but will not be ready to move onto full-time employment and will need more time to develop and to consolidate their learning in order to take the next step elsewhere.
7. This scenario, when aiming to support disadvantaged young people into and through apprenticeships, is not uncommon and your officers have heard similar stories from other providers – including the Ladder for London scheme which you are supporting within the Corporation. In order to help those whose starting point is weak in terms of employment-readiness and basic skills, a 12 month apprenticeship is often not enough.
8. The Arts Council funding is aimed at supporting young people for one year and up to Level 2 - there is no additional funding available to move them onto Level 3. Many of the LTC apprentices who are ending their year's engagement are not yet ready to move on - but the member organisations do not have sufficient funds to work with them through to Level 3. Many will be back to square one, therefore, and much of the support and commitment provided by the consortium members will have been in vain. Additionally, the progress made by the LTC in strengthening its diversity, and the advantages gained in bringing in new blood through these apprenticeships, will be set back if they are to be released before their potential can be fulfilled.

## **Proposal**

9. The LTC wishes to run a pilot scheme for one year which will enable its members to give the current group of apprentices the additional time they need for the most effective learning and training experience, whilst enabling

a new cohort of apprentices to be recruited (partly funded by the Arts Council scheme and any resultant match from the Trust). Both the new and the existing intake are needed, it is believed, to create long-term change in diversity and to open up alternative, realistic, pathways into careers in theatre.

10. Cultural organisations, such as the LTC members, tend to be small/medium enterprises, recruiting from a relatively small and specialised pool with specific skills and expertise. Creating huge numbers of entry-level jobs within those organisations is simply not possible. However, those organisations are well placed to provide the specialist support needed to help young people from disadvantaged backgrounds and who have not been to university and can provide them with meaningful pathways into the profession. In turn, their presence will make a contribution to the growth of a diverse, skilled, employment-ready workforce for the wider sector.
11. The LTC believes that this pilot scheme will enable it to demonstrate what is really needed to make apprenticeships successful within the creative sector. The resultant learning will help shape policy and practice in this area by clearly demonstrating precisely what is needed to fully encourage and support disadvantaged young people who enter at the lower end of the apprenticeship journey.
12. The LTC currently is one of the foremost partnerships within the creative sector. Its voice has authority amongst funders and policy-makers and it is, well placed to guide future policy on supporting young people into work and on embedding diversity and equality within this sector. The lessons learned from this pilot will be disseminated amongst the Arts sector and its chief funding agencies and should be applicable across other sectors.

### **Costings**

13. The full costs of continuing to work with 10 existing apprentices for an additional year (up to Level 3, when they will become employment-ready), plus the costs of incorporating a new cohort of 20 apprentices, amount to an estimated £468,650. Funding to the value of £329,970 has been agreed, or is likely to materialise, leaving a shortfall of £138,680. If you were to award a grant of £50,000, as recommended, this would close the gap significantly and encourage other funders to make a commitment. Individual LTC members are each contributing funds from their own reserves whilst the core administration costs are kept to a minimum, at an estimated £12,550 (2.7% of the full cost).

### **Financial Information**

14. The lead organisation responsible for the financial management of the LTC's work is Battersea Arts Centre. Should you award a grant, it would be payable to BAC and held as restricted funds on behalf of the LTC. A summary of the financial information for Battersea Arts Centre is provided in the table below.
15. BAC's free reserves policy is to hold a total of £250,000, which is a comparatively low target reserve equating to 27 days' worth of current year total revenue expenditure. As at 31st March 2013 the charity did not hold any free reserves due to the charity's creditors exceeding resources available to

pay them by £14,586. Should the charity's forecasts of income and expenditure over the next two years prove correct, then free reserves should increase to £147,000 by 31 March 2015, equating to a modest 16 days' worth of revenue expenditure. The charity explains that BAC's financial strategy does not require it to generate material free reserves from operations each year, as the majority of grant income is designated to fund activity within a given year. However, the Board's intention is to increase reserves targets after the capital project is complete as the organisation's earned income from improved facilities should increase via events, catering and box office sales.

16. Forecast income for 2014/15 is £7,249,575 of which £6,199,804 (85.5%) had been secured by July 2014. The increase in income over the prior year is due to restricted capital income towards the next stage of the redevelopment of the Centre.
17. The 'cost of generating funds' includes commercial trading activities as well as more general fundraising. These costs are calculated by the charity as part of its year-end accounts closure and are therefore currently not available for 2013/14 and 2014/15.

Year-end at 31 <sup>st</sup> March	2012/13 Audited Accounts	2013/14 Draft Outturn	2014/15 Current Year Forecast
Income and Expenditure	£	£	£
Income	4,921,583	4,638,845	7,249,575
Expenditure	3,699,313	3,625,193	5,792,909
Unrestricted Funds Surplus / (Deficit)	(38,856)	112,137	63,133
Restricted Funds Surplus / (Deficit)	1,261,126	901,515	1,393,533
Total Surplus / (Deficit)	1,222,270	1,013,652	1,456,666
Surplus / (Deficit) as a % of turnover	24.8%	21.9%	20.1%
Cost of Generating funds (% of income)	£694,759 (14.1%)	-	-
<b>Free unrestricted reserves</b>			
Unrestricted free reserves held at Year End	(14,586)	87,000	147,000
~ how many months' worth of expenditure (excluding capital spending)	0 days	11 days	16 days
Reserves Policy target (£)	250,000	250,000	250,000
~ how many months' worth of expenditure	28 days	32 days	27 days
Free reserves over target / (under target)	(264,856)	(152,449)	(89,316)

## Conclusion

19. Whilst it is commendable that the Arts Council's Creative Employment Programme should target young unemployed people, the single-year financial support for the apprentices is inadequate for many without basic employability skills. The London Theatre Consortium wants to establish an apprenticeship culture which increases diversity and nurtures new and sustainable entry routes into the creative industries.

## **Recommendation**

£50,000 over one year to Battersea Arts Centre on behalf of the London Theatre Consortium for the operational costs of a programme to pilot and evaluate the ongoing engagement of young people as apprentices in the Arts.

### **Ciaran Rafferty**

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