

CABINET

ARTS COMMISSIONING

2 September 2014

Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT			
To advise Cabinet on the proposed means of managing the Council's funding for Arts in the district, in line with Corporate Plan Priorities.			
Key Decision	<input checked="checked" type="checkbox"/>	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	4 August 2014		
This report is public			

RECOMMENDATIONS OF Councillor Ron Sands

It is recommended that:

- (1) Commissioning for the Council's investment in arts provision in the district is implemented by April 2017, subject to budget and resource requirements.
- (2) Subject to Recommendation 1, existing Service level Agreements continue until March 2017 but that broad criteria already agreed as part of the Commissioning Framework are used as the basis of monitoring and evaluation arrangements.
- (3) Subject to Recommendation 1, that the linkage between any Service Level Agreement funding to March 2017 and rent payable by arts organisations be removed, subject to any further consideration during the budget.
- (4) Subject to Recommendation 1, the Arts Development budget is retained, to be considered alongside mainstream investment to support small scale, innovative or developmental arts activities, but that the budget is reviewed to ensure investments are broadly in line with criteria already agreed for commissioned services.
- (5) Subject to Recommendation 1, early communication is undertaken with those organisations with which the Council has a current Service Level Agreement and also with other Arts funders.

1.0 Introduction

- 1.1 The Council has invested in the arts for some years, alongside Lancashire County Council and Arts Council England. As a result, Lancaster district has developed a unique creative arts offer with a varied mix of elements and a strong and growing profile for creative arts in Lancashire and beyond.
- 1.2 The City Council believes that the arts make an important positive contribution to the operation of the local economy in Lancaster District. That contribution enhances both the visitor economy and general economic activity for the resident and student population. Some arts activities also help to deliver other benefits for the local community such as health and well-being and education. Specifically, some services are designed around the needs of young people and older people.
- 1.3 The Council is also acutely aware that, although the arts delivers a significant economic impact for the district, the local economy, due to its scale, would not normally be able to support the growth and development of this sector, without some level of subsidy. Whilst the recent Bonner report evidenced the potential for audience figures and catchment to increasing overall, this is a long term pattern of growth that requires support.
- 1.4 The importance of arts and culture to the local economy can be linked with key policy objectives in the Corporate Plan and the Local Development Framework Core Strategy. In more detail, the importance of supporting and developing the districts arts and cultural offer is articulated in the Council's adopted Cultural Heritage Strategy and the Lancaster District Arts Framework, a set of objectives agreed with the Lancaster Arts Partnership.
- 1.5 The Council's current investment in the Arts includes SLA's (Service Level Agreements) with local Arts organisation for 2014/15, as follows:
The Dukes - £148,000 (including £12,500 in relation to rent)
More Music - £10,800
Ludus Dance - £22,500 (including £13,000 in relation to rent)
Litfest - £9,700
Total investment - £191,000
- 1.6 In terms of outcomes and impact as a result of the existing SLA's, there are some notable achievements although these vary slightly from year to year. In the last / current year outcomes have been primarily around economic impact, financial leverage and health and well-being. Based on results achieved as a result of SLA's in previous years, a breakdown of impact expected to be achieved in the current year, i.e. 2014/15 is included at **Appendix A**.
- 1.7 As background, in addition to investment in SLA's, the City Council still engages in the direct provision of arts and cultural activities in the district, although at a reduced level. This includes providing advice and information, programmed events and performances at the Storey and Platform and by working and investing jointly with partners, directly supporting two landmark festivals during the year, Light Up Lancaster (LUL) and Vintage by the Sea in Morecambe.
- 1.8 The Council has for some years held an Arts Development budget to facilitate small but important project based investments in arts opportunities that deliver benefits for the district but are not supported as part of the mainstream and ongoing investment in SLA's. Examples of these in the current year include:
- Spot On Rural Touring - live performances in rural communities across Lancashire (match funding)
 - Visual arts programme in the Lune Valley (match funding)
 - Lancaster Arts Partner's First Fridays initiative - arts activities in Lancaster City Centre on the first Friday of each month (match funding)
- 1.9 For 2014/15, the Arts Development budget is **£22,600**, of which £12,000 was allocated as match funding towards ACE funding for LUL and a further £4,400

towards procurement of an events company to manage the 'Light up the Skies' firework spectacular (forming part of the 2 day LUL event) on behalf of the Council.

- 1.10 Although the current investment in the arts appears to deliver useful outcomes and value for money, the Council has not formally established the outcomes it wishes to achieve as a result of its investment in the arts, linked to the current Corporate Plan priorities, or reassessed the potential for arts organisations to deliver more or differently in the district. Recently, further calls on limited finances available to the Council have been made by other organisations and a means of considering such approaches is required.
- 1.11 In November 2012, Cabinet agreed an approach for commissioning Arts and VCFS (Voluntary, Community and Faith sector) services, with VCFS services to be in place by April 2013. At that time, it was also agreed that Arts commissioning should follow the publication of the Arts Strategy in 2013 (Minute 71 refers).
- 1.12 The Council's Commissioning Framework for VCFS and Arts was also published in December 2012 and provides the basis of any commissioning arrangements that may now be required. For information, the Commissioning Framework for VCFS and Arts 2012 – 2015, is attached at **Appendix B** but will need to be refreshed to reflect the Council's current corporate priorities and any key principles arising from the published Arts Strategy, if Arts commissioning is to be undertaken. The Commissioning Framework sets out the purpose and principles of the Council's approach to commissioning, explains the commissioning cycle and establishes core criteria for commissioned services.

2.0 Proposal details

- 2.1 Commissioning provides a valuable means by which clear and agreed outcomes can be identified and value for money and added value achieved, supported by fair, transparent processes and decision making. The needs analysis and engagement work that accompanies commissioning helps to ensure that services developed and procured are informed by a good understanding of what is most valued and how it can best be delivered.
- 2.2 However, commissioning is complex and time consuming, involving research, a series of engagement exercises and key decision points. Given the planning cycle for major arts activities and events, commissioning will require a long lead-in period, providing arts organisations with time to adapt their business models if this is required. At present, the longer term approach of other major arts funders is unclear and therefore the impact of any potential changes in the Council's investment arrangements cannot be fully considered.
- 2.3 Commissioning offers a range of advantages but taking account of the constraining factors, this report recommends that first steps to implement the Council's commissioning arrangements for arts provision in the district are initiated in autumn 2015 with a view to contractual arrangements being in place for the period 1 April 2017 to 31 March 2020. An early step in 2015 would be to provide Cabinet with an updated version of the Council's VCFS and Arts Commissioning Framework, reflecting recent policy changes, as well as a programme of work to be undertaken and information on engagement and needs analysis work proposed.
- 2.4 A possible alternative to arts commissioning would be to introduce a traditional grants scheme. This could provide the fairness and transparency the Council requires and at the level of individual projects could also provide some assurance of value for money. Overall, a grants scheme would take a less time to develop and implement, although a framework would be required for a grants scheme in the same way as would be required for commissioning. However, the impact of a grants scheme will always be limited to the proposals coming forward where the impact of commissioned services is driven by strategic outcomes that have been developed as a result of research and engagement and are designed around what matters to those using

services and the best way to achieve delivery. The Options analysis covers these points in more detail.

- 2.5 To secure existing Arts provision, it will be important to continue existing SLA's for the period to March 2017 and this is recommended as part of this report. Given that new arrangements will not be fully introduced until April 2017, it is proposed that in the interim period, the monitoring and evaluation of the existing SLA's takes account of the agreed criteria for commissioned services, including value for money, added value, sustainability and, wherever possible, collaboration.
- 2.6 Furthermore, whatever the way forward it is proposed that there should be a clear separation between the financial support provided to arts organisations and any landlord/tenant relationship that exists with the Council (i.e., funding linkages with any inputs, such as rent costs, should no longer continue. Instead, any form of funding should be linked to services provided.) This would mean consistency and fairness of approach with VCFS organisations. Any implications may be considered during the forthcoming budget.
- 2.7 The Arts Development budget provides a means by which small scale, innovative or developmental arts activities can be supported, in some cases driven by the council as it seeks to achieve its outcomes. In the future, it is likely that the ability to make small, timely investments will add value to mainstream commissioned services by providing flexible, one off project based support where potential additional benefits are likely. Anticipating this, it is proposed that the Arts Development budget is also reviewed to align with the core criteria already agreed for commissioned services.
- 2.8 If Cabinet approves the proposals included in this report, it is recommended that there is early communication with current SLA partners and other arts funders, to ensure that there is clarity around the Council's commitment to the Arts.

3.0 Details of Consultation

- 3.1 None at this stage. Early engagement with existing SLA partners and further engagement with arts providers will be required as part of the commissioning process.

5.0 Options and Options Analysis (including risk assessment)

	Option 1: Move to a commissioning approach for investment in the Arts by April 2017	Option 2: Introduce a grants scheme
Advantages	<p>Agreed outcomes provide clarity on what the Council wishes to achieve as a result of investment in the Arts</p> <p>Improved information on need/demand and impact as a result of assessment and analysis</p> <p>A fair and transparent framework for investment decisions</p> <p>Competitive process provides assurance of Value for Money</p>	<p>Some assurance of Value for Money</p> <p>Fairness and transparency provided as part of a competitive process</p> <p>Potentially requires less officer time than commissioning to establish, although overall work will be dependent on numbers of applicants for bidding rounds</p>

	<p>Generation of new ideas as a result of creative input from Arts providers</p> <p>A three year commissioning cycle provides an opportunity to plan and develop Arts provision more strategically</p> <p>Potential opportunity to work strategically with other funders.</p>	
Disadvantages	<p>Creates uncertainty over future investment for existing SLA partners</p> <p>Significant officer time required and it is likely there will be competing priorities</p>	<p>The Council's strategic approach to investment in Arts in the district would not be developed</p> <p>No opportunity for research and engagement to inform the development of strategic outcomes</p> <p>Potential gaps in service provision</p> <p>Impact limited to projects coming forward</p>
Risks	<p>Potential short term risk to Arts funding coming in to the district, as a result of uncertainty. Can be mitigated by clear communications with funding partners.</p>	<p>Management of expectations is a key risk with most grant schemes. Some mitigation can be achieved by clear scheme communications.</p>

4.0 Officer Preferred Option (and comments)

- 4.1 The Officer Preferred Option is Option 1 as this provides a more strategic, long term approach to arts investment with the potential for improved outcomes that are clearly linked to the Council's priorities. Engagement with arts providers as part of the commissioning process is more likely to lead to the development of quality services that are informed by the needs and preferences of audiences.

5.0 Conclusion

- 5.1 The Council has invested in Arts in the district for many years and as a result of this and additional investment by, in particular, Lancashire County Council and the Arts Council, the district has a strong and growing creative arts economy. This offer is of great value to visitors, both local and from further afield, but also makes an important contribution to quality of life for local communities. In economic terms, quality of life is also a key component of the offer to potential inward investors, companies wishing to locate and invest in the district.
- 5.2 This report outlines options for the way in which the Council provides its investment in the Arts and Cabinet is requested to consider these options and the timing of any potential changes.

RELATIONSHIP TO POLICY FRAMEWORK

Investment in the Arts supports delivery of the Council's Corporate Priority of **Sustainable Economic Growth**, specifically contributing to the delivery of the Corporate Outcome "The attractiveness and offer of the district, as a place to visit or invest in, will be improved".

Relevant Success Measures are "Cultural, retail and tourism offer will be improved" and "Economic impact of the arts in the district will be measured with the Council moving towards an ensuring role to support a range of delivery partners"

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

None directly as a result of this report.

LEGAL IMPLICATIONS

None directly as a result of this report.

FINANCIAL IMPLICATIONS

If Cabinet resolves to move towards a commissioning approach for investment in the Arts from April 2017 onwards, it is expected that this approach can be met from within existing budget provision.

Due to the long lead in time needed to undertake commissioning properly and to ensure the ongoing viability of those organisations affected in the interim period, it is recommended that existing SLA's continue until 31st March 2017. The 2015/16 and 2016/17 forecast budget currently assumes year on year inflationary increases of 2% for all city council funded SLA's (after taking into account amounts paid in respect of 'rent in respect of grant' for two of the four SLA's; this would be adjusted as appropriate).

Subject to the above, it is further recommended that the Arts Development budget is retained to support small scale, innovative or developmental arts activities. For 2017 onwards, this will need to be considered alongside the current SLA's to determine how best to manage going forward in line with criteria agreed for commissioned services.

The current estimate and forecast budget position for existing SLA's and the Arts Development Budget is summarised in the table below:

SLA's	2014/15 Estimate £	2015/16 Forecast £	2016/17 Forecast £
The Dukes	148,000	150,700	153,400
More Music	10,800	11,000	11,200
Ludus Dance	22,500	22,700	22,900
Litfest	9,700	9,900	10,100
Total SLA's	191,000	194,300	197,600

Arts Development	22,600	23,300	23,700
<p>It is also worth noting at this stage that the current three year commission for VCFS ends 31st March 2016. The review of the current Commissioning Framework in late 2015 would need to take account of any implications for VCFS as well as the Arts if it remains as the overarching framework for both. It should be further noted that there may also be associated additional workload implications arising for officers, which will need to be managed in the short-term during any commissioning period for both VCFS and Arts organisations.</p>			
<p>OTHER RESOURCE IMPLICATIONS</p> <p>Human Resources:</p> <p>Officer time would be required to take commissioning arrangements forward.</p> <p>Information Services:</p> <p>None as a result of this report.</p> <p>Property:</p> <p>Currently some Arts partners with existing SLA's occupy Council owned premises. The proposals in this report seek to break finally any linkage with funding levels; this represents a much fairer, objective way forward. Separately, potentially any reduction or loss of investment from the Council may affect an organisation's ability to pay rental / lease costs.</p> <p>Open Spaces:</p> <p>None directly as a result of this report.</p>			
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The s151 has been consulted and her comments reflected in the report; she is in support of the proposals as they would strengthen the Council's arrangements for meeting the Council's statutory obligations around securing continuous improvement ./ value for money.</p>			
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments.</p>			
<p>BACKGROUND PAPERS</p> <p>none</p>		<p>Contact Officer: Anne Marie Harrison Telephone: 01524 582308 E-mail: amharrison@lancaster.gov.uk</p>	