

**OVERVIEW & SCRUTINY COMMITTEE****Festivals & Events  
9<sup>th</sup> July 2008****Report of Head of Cultural Services****PURPOSE OF REPORT**

To update the Overview & Scrutiny Committee in respect of Festivals and Events and to request approval of a revision to the programme arrangements.

**This report is public**

**RECOMMENDATION OF THE HEAD OF CULTURAL SERVICES**

- (1) That Overview and Scrutiny Committee support and recommend to Cabinet, a revision to the Festivals and Events programme arrangements.

**1.0 Background**

- 1.1 Cultural Services came into being in January 2007, following a Council wide review of Service Head posts undertaken in April 2006. Prior to that date, the Festivals and Events function was part of the former Arts & Events Service. To that end, a number of decisions taken by Cabinet in respect of Festivals and Events were the responsibility of the former Head of Arts & Events. However, Members will be aware that as a result of the Council wide review of Service Head posts, the former Head of Arts & Events left the employment of Lancaster City Council.

**2.0 Introduction**

- 2.1 During the 2007/2008 financial year, a number of issues arose with regards to Festivals and Events and relating specifically to the Maritime Festival. There was no intention in 2008 that Cultural Services should be directly involved in any Maritime Event. However, when it became public that no other event organiser had come forward to organise such an event, there followed a period of lobbying which included the local press. As part of the above a local business (Seatruck Ferries) came forward in late December and subsequently in January 2008 offered a substantial sponsorship of circa £9,400, to Cultural Services specifically towards the organisation of a Glasson Dock Maritime Weekend (to be held in March 2008). Working to an established organisational and financial model, it was intended that the event would be financed via;- sponsorship, help in kind/donations and income (from ticket sales) – i.e., at no direct cost to the City Council.
- 2.2 However, in February 2008, the Head of Cultural Services produced an updated budget position, which identified a potential deficit of £10,247, and the situation was

reported to Cabinet by the Chief Executive on 19<sup>th</sup> February 2008 with the result that a detailed Urgent Business Report was required. The consequent Urgent Cabinet Business Decision was taken on 25<sup>th</sup> February 2008, approving the staging of the 2008 Maritime Festival and financing of the projected deficit from savings in other budgets.

- 2.3 In March 2008, the Chairman of Overview and Scrutiny informed Members that he had been consulted regarding waiving the right to call-in with regard to the extra funding allocated to the Maritime Festival. The Chairman confirmed that he had decided that the right to call-in should not be waived on this occasion as there was concern as to how this might impact on the Festivals Innovation Fund. It was reported that the Chief Executive had asked for the matter to be investigated. As such Overview and Scrutiny resolved that the issue of funding the Maritime Festival be added to the work programme. Minute 46 (07/08) refers.
- 2.4 Further to the above, the Head of Cultural Services requested the Internal Audit Manager to undertake an investigation into the circumstances contributing to the issues associated with the 2008 Maritime Festival and the outcome of that investigation has been presented to the Chief Executive. The investigation undertaken into the above dealt with two aspects;-
- to ascertain how the issues associated with the 2008 Maritime Festival actually occurred, with reference to previous year's decisions regarding the staging and funding of Festivals
  - whether the above should lead to a review of the Council's policies and processes in relation to Festivals and Events and propose any necessary revisions.
- 2.5 Within the investigation report presented to the Chief Executive, the Internal Audit Manager, concludes;-
- Cabinet, in October 2004 established a policy regarding Festivals and Events programmes, including the Festivals Innovation Fund (FIF) and the core programme. The above has not been altered by any decision of equivalent standing.
  - Allocations (i.e., Budgets) approved by the Cabinet Portfolio Holder in April 2005 (Re;- 2005/06) and by Cabinet in December 2005 (Re;- 2006/07) were in accordance with an established framework and criteria. The allocations made in March 2007 (Re;- 2007/08) and the Cabinet Portfolio Holder decision in December 2007 (Re;- 2008/09) were made in accordance with a framework and criteria, but not one that that had been approved by an equivalent decision-making authority and/or Cabinet.
  - The investigation does not suggest that staging any of the Maritime Festivals since 2005 has been contrary to Council policy, as the Cabinet decision in October 2004 did not explicitly state that future festivals should not be staged. It has not been clear, however, how authority has been established for staging each of the three subsequent festivals, given the decision taken by Cabinet in 2004, the framework it established, and the fact that there has not been a specific budget for the Maritime Festival since that date.
  - The failure to formalise a review undertaken in 2006 (referred to in paragraphs 2.11 and 2.12 of this report), as part of the establishment of the new Cultural Services, of the whole Events and Festivals programme, has contributed to a lack of clarity and confusion. The review itself was a positive course of action, designed to improve the

product(s), relate activity better to Corporate Priorities and address a number of shortcomings identified, particularly in relation to the operation of FIF funding.

2.6 Within the investigation report presented to the Chief Executive, the Internal Audit Manager goes on to recommend;-

- That the Chief Executive considers whether any further action is necessary in relation to the investigation.
- That Overview and Scrutiny examine a proposed revision and improvements to the Festivals and Events programme arrangements, including the Festivals Innovation Fund (FIF), and make recommendations to Cabinet.

2.7 Festivals and Events represent a core function within Cultural Services, contributing to the Economic Regeneration of the District. Included within the City Council's 2007/8 Corporate Plan, as part of the Regeneration Objectives, aligned to Tourism, as a priority outcome;-

- *“To provide a varied programme of festivals and events throughout the district.”*

This has subsequently been amended in the 2008/9 Corporate Plan with a slightly different emphasis on promoting events as set out below :-

- *“Attract visitors to the district by promotion of cultural events”*

This change in emphasis is significant when considering the future direction for the Council's promotion of Festival and Events.

2.8 Over recent years, the Lancaster district has built and established a positive reputation for its Festivals and Events and is often quoted as “punching above its weight”, with support funding agencies and partners citing the Lancaster district in the same breath as much larger cities, such as Liverpool and Manchester. Lancaster City Council is acknowledged, throughout Lancashire, as one of the most successful local authorities that has successfully used Festival and Events to transform its reputation and profile. The 2005 Punk Festival became the blueprint and was the first Festival to achieve a revenue turnover of over £1million for the hospitality sector, over a single weekend, in Morecambe.

2.9 Although some elements of the Festival and Events programme has changed, or been replaced, others such as the Heritage Gala in Morecambe, and the Fireworks Spectacular in Lancaster consistently continue to draw in audiences in their tens of thousands. Over the last eighteen months, there has been a deliberate strategy to influence the youth market, and Morecambe has boasted an unrivalled series of rock concerts in the Dome, featuring;- the Arctic Monkeys, Athlete, Reverend and the Makers, the Kooks, and the Fratellis. The above has allowed the City Council to engage positively with young people and in particular the two Universities (Lancaster University and the University of Cumbria), who previously had documented, via their consultation processes, a poor image of the District in terms “of things to do”.

2.10 In 2005, Cabinet within the framework of the Council's Medium Term Financial Strategy (MTFS) reviewed its Festivals and Events programme, which included the introduction of a Festivals Innovation Fund (FIF). Minute 81 (04/05) refers.

2.11 In late 2006, the newly appointed Head of Cultural Services undertook a review and evaluation of the Festivals Innovation Fund (FIF). The rationale for undertaking the FIF review and evaluation was;-

- Confusion about the relationship between the FIF, Festivals & Events, and Cultural Services.
- Concerns relating to experience, quality and risk management, etc., of FIF festivals/projects/events.
- In the financial year 2006/2007, out of nine festivals, one festival was cancelled and two experienced difficulties.
- There was no specific evidence as to how the FIF festivals/projects/events contributed to the Council's corporate objectives.
- Poor record by the FIF festivals/projects/events of leveraging in additional external funding, via direct and/or secondary income generation, match funding or sponsorship.
- The level of additional support required from Cultural Services (unplanned) to FIF festivals/projects/events.
- Weak financial monitoring of FIF awards.
- There was no requirement of FIF festivals/projects/events to conduct a post-festival evaluation.
- Some FIF festivals/projects/events gave a poor reflection of the performance/image of the Council, with Cultural Service unable to influence the organisation of some of the weaker events.
- Staff frustration when attempting to work with organisers without the same level of experience or knowledge in event management.
- Review opportunities for identifying efficiencies to contribute towards the Medium Term Financial Strategy (MTFS) savings targets

2.12 Following from the above, the Head of Cultural Services presented options to address the above shortcomings to the then Leader of the Council, the then Cabinet Member with responsibility for Cultural Services, and the then Corporate Director (Regeneration). However, the Audit Manager's recent investigation into the 2008 Maritime Festival, referred to in paragraph 2.3, reveals that the approval of the Leader of the Council, the Cabinet Member with responsibility for Cultural Services, and the Corporate Director (Regeneration) was not formally taken through any further decision-making process.

2.13 As part of this report, Overview and Scrutiny Committee are asked to address the above anomaly by providing their views, and if considered appropriate, support and recommendation to Cabinet a revision to the Festivals and Events programme arrangements.

### **3.0 Proposals for a revision of the Festivals and Events programme arrangements**

3.1 It is proposed that the responsibility for the FIF be placed with the Cultural Services Manager, identified as the nominated lead and responsible spending officer (RSO). It is further proposed to establish a Festival and Events Programming Group of officers from within Cultural Services (to include the Venues and Events section, the Arts Development section and the Festivals & Events section) together with Tourism Service, and a representative from the a representative from the Morecambe Hoteliers Association.

3.2 The above will provide;-

- A strategic forum allied to Cultural Services, responsible for developing and reviewing Festival & Events policy and programmes, based on the Council's annual Corporate Plan priorities.
- A lead officer responsible for the planning, delivery, monitoring and evaluating of the festivals and events programme, whether organised directly or "in partnership" (e.g. via FIF support) with Cultural Services. In the event of the latter, where a festival or event receives City Council funding, a Case Officer from within Cultural Services will be appointed to liaise regarding the festival/event and to monitor and feedback on progress.
- The above officer group would also be responsible for developing opportunities for partnership arrangements with the private and voluntary sector in planning and delivering other festivals and events. Forming part the overall festivals and events programme, such partnerships should complement the festivals and events organised directly by Cultural Services. It is also recognised that in some cases, for purposes of development and sustainability, this could mean funding and or supporting an existing festival or event for more than one year.

3.3 Following difficulties and problems experienced in 2006/2007 and onwards, it is proposed that in relation to future FIF allocations, that Cultural Services adopt a methodology developed and utilised by Arts Council England (ACE) and Sports England, in respect of their grant awarding processes, namely "solicited" and "applied" for bids;-

**Solicited** whereby Cultural Services seek out Festival/Programme/Event "Partnering" arrangements with the private and voluntary sector. This would account for up to two-thirds of the Council funds allocated to FIF in any one year.

**Application** an open process whereby Cultural Services advertise and invite applications (subject to FIF Criteria), to support a manageable number of festivals or events. This would account for up to one third of the Council funds allocated to FIF in any one year.

3.4 By whichever of the above processes, it is suggested that the Programming Group would make recommendations to the Head of Cultural Services in respect of the Festivals and Events annual programme, including FIF recommended Festivals and/or Events. Using the Council's Service Business Planning process, the Cabinet Member with responsibility for Events would "sign off" the Festival and Events programme as part of the Cultural Services Business Plan. Thereafter, the success and outcomes of Festival and Events would form part of the Council's Quarterly and Annual Performance Review Team (PRT) meetings. Financial Services will also be involved, in order that they can provide advice as appropriate.

3.5 Any FIF approved funding agreement would have an Officer from Cultural Services assigned to assist with developing, planning, delivering, monitoring and evaluating the festival/project/event. Attached as Appendix A to this report is a proposed Festivals Innovation Fund (FIF) criteria and applicant guidance note.

3.6 The Festivals Innovation Fund (FIF) focuses heavily on the Festival and Events team in that they take the lead role on behalf of Cultural Services in assessing, guiding, supporting and evaluating delivery partners as part of the Festivals Innovation Fund initiative. The reality is that although there are proficient events organiser in the commercial and community sector able to deliver Festivals and Events, in terms of the legal requirements associated with event organisation and management, including risk assessment/risk management, logistics, child protection issues,

insurance and licence requirements, etc., the majority cannot. Furthermore, in awarding financial support via FIF for Festival and Events within our district, there is no avoiding that the City Council (as landowner and funding body) cannot absolve itself completely of all responsibilities, particularly in terms of public liability.

- 3.7 Again based on difficulties and problems experienced in 2006/2007 and onwards the above require some degree of flexibility and delegation to the Head of Cultural Services. For example, based on the principles and allocations made by Cabinet in 2005, although extensively advertised the 2008/2009 FIF applications were undersubscribed. As such the Head of Cultural Services had to intervene at short notice to enhance and cross-supplement the direct (undertaken by Cultural Services) and indirect (i.e., FIF supported) Festivals and Events programme, to ensure that there was a meaningful Festivals and Events programme available to advertise in the Council's 2008 Tourism Guide.
- 3.8 Issues associated with the FIF, highlight other anomalies and difficulties for Cultural Services. For example, as with some other services undertaken by Lancaster City Council e.g. Tourism Service as mentioned in paragraph 3.7 above, the lead in time associated with organising, publicising and marketing "events" are at odds with the Council's annual budget cycle. To illustrate the point, next year (2009) Lancaster City Council is scheduled to host the International Youth Games. 2009 also sees a number of notable municipal buildings and facilities celebrating key anniversaries (e.g., Lancaster Town Hall and Williamson Park will both celebrate centenaries, whilst Morecambe Town Hall will be celebrating 75 years). A group of Elected Members, Officers and community representatives are already meeting to discuss the potential of a major new Festival/Event for Morecambe in April 2009. However, the opportunities of maximising the event's impact by securing additional external financial support, involving partner organisations, and attracting key participants, etc., are hampered in that the Council's 2009/2010 budget will not be approved until at least the final quarter of the 2008 calendar year, or more likely, the first quarter of the 2009 calendar year. The reality is that the planning and preparation work, even without the added complication of seeking external funding support, has to be undertaken some considerable time in advance, sometimes as much as 18 months ahead of the City Council's formal funding approval mechanism. To complicate matters even more, the timing of any "Easter" themed activities or events (which traditionally represents the start of the "season") has also proved difficult, as it has not always been recognised that Easters do not always fall neatly in with Financial Years. For example, strictly there is not an "Easter" in the 2008/2009 Financial Year!
- 3.9 The budget allocations for the Festivals and Events programme are established on a three-year rolling budget arrangement as part of the Council Medium Term Financial Strategy (MTFS), but subject to annual review. It may not always be recognised, however, that some services for planning festivals and events are genuinely received (and therefore payable) in the year before an event is held. An easy solution to the above would be to ensure, in planning budgets, that the timing of Easter events and planning activities is properly considered and reflected accordingly in the three-year budget projections. Furthermore, it could be formally recognised that other commitments associated with planning events may be incurred 'at risk', in the year before an event is held. If such an event is then removed as part of the annual budget process, any expenditure commitments would then need to be financed even though the event itself would not go ahead. Alternatively, Members could decide to remove the event a year later (e.g. in the 2009/10 budget process, remove an event from 2010/11 onwards). This would avoid any abortive costs, but still achieve savings in later years. Such arrangements would provide Cultural Services, at least for its Festivals and Events programme, with a similar approach adopted by one of the

Council's major funding "partners" – Arts Council England (ACE). Clearly this assists in terms of planning, preparing and marketing, as well as providing Festival and Event organisers (be they Cultural Services directly or FIF supported Festivals/Programmes/Events), the opportunity to lever in maximum support and/or match funding. Unfortunately, a number of external funding partners have very long lead-in and application processes.

- 3.10 In reality a similar budget principle as outlined above already operates in respect of other functions undertaken by Cultural Services (e.g., the "partnership" arrangements in respect of the Museums Service and the operation and management of the three community swimming pools, both of which require a full 12 months advance notice if the partnership arrangements are to be significantly changed or terminated. In the event of such a decision by either partners (i.e., the City or the County Council), the financial consequences would be with effect from 12 months from the required period of notice, which in itself is 12 months.
- 3.11 An alternative would be to re-affirm the original Cabinet member decision from October 2004 that authorised officers to plan, organise and deliver a limited number of core festivals and events, and to manage a Festivals Innovation Fund. This Fund was set up to finance events and festivals that were to be developed by the private sector and community organisations, but not organised and supported by council officers. It was further anticipated that this would result in a review of the staff resources needed to deliver this approach, but this seems to have been subsumed into the re-organisation of the new Cultural Services not on the basis of Cabinet's original decisions for festivals and events, but more in keeping with providing officer support for all festivals and events other than the approved core festivals.

#### **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 To terminate the Festivals and Events programme.
- The above would have a potentially damaging impact on the reputation of the Council and district. A cessation or reduction in Festivals and Events would be viewed negatively in terms of the impact that they make to the district and undermine the City Council's Corporate Plan - Regeneration Objective; - "Attract visitors to the district by promotion of cultural events".
  - This option would provide an opportunity as part of the annual budget process to review the budget allocation currently made in respect of Festivals and Events, including the staffing arrangements that currently support festivals and events.
  - The likelihood that external funding agencies, such as Arts Council England, the Lancashire & Blackpool Tourist Board and the Regional Development Agency, etc., would withdraw their current levels of funding support to Cultural Services.
- 4.2 To retain the Festivals and Events programme arrangements, including the Festivals Innovation Fund (FIF), as initially established in 2005.
- Paragraph 2.11 sets out the original and full rationale for reviewing FIF, but in particular highlights the lack of clarity surrounding those arrangements. However, the original decision of Cabinet in respect of this discretionary area, was to focus and provide resources in both funds and manpower, to organise and operate a range of core festivals in Lancaster and Morecambe that received wholesale local support. The introduction of the Festivals Innovation Fund was an opportunity to provide funding for the private sector and

community organisations to bid for funds to deliver other events and festivals to supplement the core programme. This option would provide a further opportunity to review the staffing arrangements that currently support festivals and events.

4.3 To amend the Festivals and Events programme arrangements as set out in the report.

- Lancaster City Council's Cultural Services would continue to offer direct and indirect support to Festivals and Events within the District, in accordance with the City Council's Corporate Plan - Regeneration Objective; - "Attract visitors to the district by promotion of cultural events".
- The above addresses and resolves the concerns expressed in Paragraph 2.11, as part of the original rationale for reviewing FIF.
- Provides a strategic forum within Cultural Services, responsible for developing and reviewing Festival & Events policy and programmes, based on the Council's Corporate Plan priorities.
- Identifies a lead officer responsible for the planning, delivery, monitoring and evaluating of the festivals and events programme, whether organised directly or "in partnership" (e.g. via FIF support) with Cultural Services.
- Establishes a forum responsible for developing partnership opportunities with the private and voluntary sector for other festivals and events.

#### **5.0 Officer Preferred Option (and comments)**

5.1 The Officer preferred option is 4.3 for the reasons as set out in the report, which allows the City Council to deliver against its 2008/9 Corporate Plan - Regeneration Objective; - "Attract visitors to the district by promotion of cultural events".

#### **6.0 Details of Consultation**

6.1 The revised Festivals and Events programme arrangements (including FIF) propose representation from Cultural Services, Tourism Service and the Morecambe Hoteliers Association, and as such provides an in-built annual consultation process.

#### **7.0 Conclusion**

7.1 The provision of Festivals and Events is closely allied to the City Council's 2008/9 Corporate Plan - Regeneration Objective; - "Attract visitors to the district by promotion of cultural events", and is supported by a number of key partners, including;- Arts Council England, the Lancaster & Morecambe Vision Board, the Lancashire & Blackpool Tourist Board and the Regional Development Agency, etc.

#### **RELATIONSHIP TO POLICY FRAMEWORK**

Festivals and Events are an integral part of the Cultural Services "offer" within the District and impact in terms of services provided for visitors and residents.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

The report raises issues in respect of sustainability.

## **FINANCIAL IMPLICATIONS**

There are no significant additional Financial Implications arising from the report. Budgetary provision made by Lancaster City Council, in respect of Festival and Events, form part of the Council Medium Term Financial Strategy (MTFS) reviewed annually as part of the Council's overall budget deliberations.

Option 1, if supported and approved by Overview and Scrutiny Committee would ultimately present Cabinet, as part of the annual budget process, to review and determine what to do with the budget allocation currently made in respect of Festivals and Events.

Option 2 would result in a review of the current staffing levels that support festivals and events which could lead to on-going efficiencies.

As yet, however, alternative options have not been costed but this would need to be done, to support sound decision-making.

The principles regarding budgeting and recognising 'at risk' commitments would impact on the profiling of budgets but overall, would have no major impact. They would require better financial planning for events, however, and this in turn may help with maximising the opportunities for leveraging in additional external financial support and/or match funding, as well as earlier marketing opportunities.

## **SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has not yet seen the Internal Audit report, but has no further comments to make at this stage.

## **LEGAL IMPLICATIONS**

There are no legal implications relating to this report.

## **MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has not yet seen the Internal Audit report, but has no further comments to make at this stage.

## **BACKGROUND PAPERS**

Internal Audit report, exempt under paragraphs 1 and 3 of Schedule 12A of the Local Government Act 1972.

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