

South Lakeland District Council
Cabinet
Wednesday 6 February 2019
Community Grant Funding Review

Portfolio: Councillor Robin Ashcroft, - Culture and Leisure Portfolio Holder
Report from: Debbie Storr, - Director of Policy and Resources (Monitoring Officer)
Report Authors: Paul Mountford, - Principal Performance and Intelligence Officer
Wards: Not Applicable
Forward Plan: Not applicable

1.0 Expected Outcome

1.1 South Lakeland District Council (SLDC) will continue its financial support to key community organisations and further invest in strategic cultural partnerships funded through the Community Grants budget. This will be a targeted approach that further develops South Lakeland's reputation as a leading rural cultural destination, strengthens the district's cultural and creative industries and contributes to our community's health and wellbeing.

2.0 Recommendation

2.1 It is recommended that Cabinet:

- (1) Approves the addition of Kendal Mountain Festival CIC, Lakes Arts Festivals Ltd, Lakes Alive, Ulverston Community Enterprises, Kendal Torchlight Carnival and the Old Laundry Theatre to the list of Strategic Cultural Partners;**
- (2) Approves the level of funding for 2019/20 for Strategic Cultural Partners as detailed in appendix 2; and**
- (3) Authorises officers, in consultation with the Solicitor to the Council, to finalise terms of the funding agreements with each organisation.**

3.0 Background and Proposals

- 3.1 Details of the current and proposed Community Grants budget allocation is presented in Appendix 2. For the purposes of this report, the review is focussing primarily on Strategic Cultural Partners and Strategic Community Arts and Events as the current arrangements for funding expire on 31 March 2019. Previously these arrangements have been for three and two years respectively.
- 3.2 On 15 March 2018 a Delegated Executive Decision (DED) by the Director of Policy and Resources agreed to a one year extension of the Strategic Community Arts and Events grants payments, for the 2018/19 financial year as detailed in appendix 2. The previous funding agreements were to expire on 31 March 2018.
- 3.3 The DED also agreed to conduct a review of all Community Grants payments, with recommendations going to Cabinet for implementation commencing the 2019/20 financial year.

- 3.4 The community grants for Strategic Community Arts and Events were originally awarded on 9 April 2015 by a Delegated Executive Decision (DED) for funding in the 2015/16 and 2016/17 financial years to contribute to the health and wellbeing of the community and to the outcomes of the Council Plan 2014-19.
- 3.5 On 31 March 2016 a DED awarded grants to Strategic Cultural Partners for three years, from 2016/17 to 2018/19. These organisations are of high importance to the District's cultural offer, economy and environment, community health and wellbeing, and contribute to the delivery of Council Plan priorities.
- 3.6 Several Strategic Cultural Partners are National Portfolio Organisations (NPOs) with Arts Council England (ACE), currently receive investment for four years (2018 - 22) - and are recognised as having significant national importance representing some of the best arts practice in the world.
- 3.7 The following proposals intend to set out a principle of maintaining levels of existing funding for community organisations, while making strategic investments in a number of key strategic cultural partners. This will be in place of the current system where cultural organisations are recognised on different tiers - Strategic Cultural Partners, and Strategic Community Arts and Events.
- 3.8 Due to their local, national, and in some cases international, cultural significance it is proposed that the following organisations should be included in the list of Strategic Cultural Partners along with those already recognised:
- Kendal Mountain Festival CIC
 - Lakes Arts Festivals Ltd (Lakes Comic Arts Festival), and
 - Lakes Alive.
- 3.9 It is proposed that Ulverston Community Enterprise (UCE) become a new Strategic Cultural Partner to assist in the development of a cultural programme at the Coronation Hall. Kendal Torchlight Carnival and The Old Laundry Theatre are recommended to also be included to recognise their importance to the local community.
- 3.10 It is proposed that the following Strategic Cultural Partners, as described in Appendix 2, will act as designated cultural hubs, to work alongside and distribute Council funding to smaller organisations. This will mean all cultural investments will be of a more significant value, while continuing with important smaller contributions (see appendix 2).
- Highlights Rural Touring: working with Heron Theatre,
 - Lake District Summer Music: working with Lakeland Sinfonia Concert Society, Westmorland Music Trust (Mary Wakefield Festival), Westmorland Orchestra and Westmorland Youth Orchestra, and
 - UCE: working with Printfest, Ulverston Lantern Festival, Ulverston International Music Festival and South Cumbria Music Festival.

- 3.11 It is proposed, as detailed in appendix 2, that all Strategic Cultural Partners will have continued funding for the financial year 2019/20. This will maintain the level of current strategic partnership working and development. This will support organisations to seek additional inward investment from key public funders such as Arts Council England, Historic England and the Heritage Lottery Fund and support Council Plan priorities (see paragraph 6.2).
- 3.12 It is proposed, as detailed in appendix 2, to maintain the current funding agreements with Community Organisations which are due to expire on 31 March 2022. This will continue to support key health and wellbeing priorities and localism initiatives in the Council Plan (see paragraph 6.3).

4.0 Consultation

- 4.1 Discussions have taken place between senior officers and Corporate Management Team and senior officers and the Portfolio Holder for Culture and Leisure about the future direction of strategic cultural investments. Officers have also approached relevant Strategic Cultural Partners to discuss the proposals.

5.0 Alternative Options

- 5.1 Funding support for all the Community Organisations and Strategic Cultural Organisations at the current level for either four, three or two years as previously. This is not recommended because of the impact of the continued reduction in funding for Local Government from Central Government as well as ongoing spending pressures and the need to realise savings, whilst continuing to provide a good level of services. The Council needs to maintain some flexibility in expenditure decisions whilst recognising the importance of supporting the strategic cultural partners and community organisations.
- 5.2 Re-open the entire budget for applications for grants for 2019/20 for both Community Organisations and Strategic Cultural Organisations. This is not recommended due to the preferred strategic targeting of spending as described in paragraph 5.1 and because the Council has moved away from one-off grant funding. It is also not recommended because this would mean going against previous decisions and commitments.
- 5.3 Ending funding support for some or all community and cultural organisations. This is not recommended because the funding enables the delivery of a nationally and internationally recognised cultural programme, as well as services and initiatives that benefit local communities, and secures investment from significant external funders, trusts and foundations. It is also not recommended because this would mean going against previous decisions and commitments.

6.0 Links to Council Priorities

- 6.1 Council Plan Priority, 'We will develop South Lakeland's reputation as the UK's leading rural cultural destinations and as a place for nationally and internationally recognised arts, events and festivals'.
- 6.2 'We will strengthen the district's cultural and creative industries, supporting our leading cultural organisations to secure investment through Arts Council England and other funding bodies.'
- 6.3 'We will explore opportunities for commissioning services through third sector organisations which provide excellent value for money for our communities.'

7.0 Implications

7.1 Financial, Resources and Procurement

7.1.1 The total proposed funding is £322,900. This is accommodated within the Community Grants budget for 2019/20.

7.2 Human Resources

7.2.1 If the recommendations are agreed, there will be an initial demand on officer time to write the new funding agreements for each organisation.

7.3 Legal

7.3.1 When entering into funding arrangements such as this, it is necessary to consider whether State Aid rules apply. There are five key tests that must be taken into account when considering this issue. They are as follows:

- Is the funding from State resources?
- Is a selective competitive advantage given to the recipient?
- Is the recipient an economic undertaking?
- Does the aid distort, or have the potential to distort, competition?
- Does the aid affect, or have the potential to affect, trade between Member States of the EU?

7.3.2 It is likely that State Aid rules will apply, so the support proposed for each organisation will be looked at by the Solicitor to the Council on a case by case basis. There will be a need to make enquiries of all recipients as to the amount of State Aid funding they have received in the last 3 years.

7.3.3 The duration of any grant agreement has a significant impact upon state aid implications. This is due to the fact that the grant funding to be given throughout the entire agreement period is considered to have been given on the date that the agreement is completed. That being the case, taken with other state aid that might have been received in the last three years, it might be the case that any funding will exceed the de minimis allowed. If that occurs, there will be a need to find an alternative route to awarding the grant funding so as to satisfy the state aid rules. The grant agreements and offer letters will then need to be drafted so as to comply with the relevant regulations.

7.3.4 The absence of a grant application process open to all also makes it more likely that state aid will be engaged.

Health, Social, Economic and Environmental

7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? **Yes** (attached at appendix 1)

7.5 Summary of health, social, economic and environmental impacts: Positive social impacts through continued support of strategic cultural organisations and events.

Equality and Diversity

7.6 Have you completed an Equality Impact Analysis? **No**

7.7 Summary of equality and diversity impacts: The continuing support and strategic targeting of grant funding for various organisations will not have an impact upon Equality and Diversity.

Risk

Risk	Consequence	Controls required
Funding is spent inappropriately, i.e. not on activities supporting the Council Plan Priorities.	Reputational and Council Plan Priorities are not met.	All funding agreements will include commitments from each organisation detailing how the grant funding will be spent. These activities will link to Council Plan Priorities. Each agreement will include an annual review at which point either part can opt out of the agreement.
Award of funding on an annual basis to strategic cultural partners.	May lead to reduction in partners' certainty of funding over medium term to match funding from other parties and lack of ability to forward plan and develop as strategic cultural partners.	Regular progress discussions between SLDC and Strategic Cultural Partner Organisations, to include early indication of funding prospects for following financial year.
Not having given proper consideration to whether award of funding to strategic cultural partners is State Aid.	May leave the Council open to legal action on the part of the award recipient.	Ensuring Council State Aid procedures comply with the European regulations, the General Block Exemption Regulation (GBER) and the ' <i>de minimus</i> ' Regulations EC 1407/2013.

Contact Officers

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Appendices Attached to this Report

Appendix No.	
1	Health, Social, Economic and Environmental Impact Assessment
2	Community Grants Review

Background Documents Available

Name of Background document	Where it is available
Community Grants Funding Agreements, 16 March 2017	https://goo.gl/kXJKTf
Strategic Cultural Organisations Grant Funding 2016-19, 31 March 2016	https://goo.gl/cjzAQ6
Community Grants Recommendations, Delegated Executive Decision (DEX/4) 15 March 2018.	DEX/4

Tracking Information

Signed off by	Date sent
Legal Services	10 January 2019
Section 151 Officer	10 January 2019
Monitoring Officer	10 January 2019
CMT	17 January 2019

Circulated to	Date sent
Assistant Director	10 January 2019
Human Resources Manager	10 January 2019
Communications Team	10 January 2019
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	15 January 2019
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	6 February 2019
Council	N/A