

## **Item: 8**

**Education, Leisure and Housing Committee: 7 September 2022.**

**Proposed Administrative Changes to Culture Fund.**

**Report by Corporate Director for Education, Leisure and Housing.**

### **1. Purpose of Report**

To consider administrative changes to the Culture Fund.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

That, in 2021, an internal review of the Culture Fund was undertaken to ensure that the fund continued to be fit for purpose.

#### **2.2.**

The key recommendation arising from the internal review of the Culture Fund, namely to adopt national best practice in the culture, heritage, and arts sectors via:

- Widening membership of the assessment panel to include external sector experts.
- Operating assessment systems and review cycles amended to be in line with national frameworks recommended by Creative Scotland, the public body supporting the arts, screen and creative industries across the country.

#### **2.3.**

Current membership of the assessment panel, which make recommendations to the Corporate Director of Education, Leisure and Housing on awards of grant funding from the Culture Fund Open Pot, as detailed in section 4.2.1 of this report.

**It is recommended:**

#### **2.4.**

That, to align the Culture Fund Open Pot with national recognised best practise, the delivery timetable for the Culture Fund be moved from a January to March process to a June to October process, with grants being dispersed at the beginning of the following financial year rather than retrospectively.

#### **2.5.**

That membership of the assessment panel be extended to include the following:

- One representative from Voluntary Action Orkney.
- One representative from Creative Scotland.
- One representative from Museums Galleries Scotland.

### **3. Background**

#### **3.1.**

In 2011, a review was undertaken by the Council, of all funding available for cultural projects, and thereafter it established its Culture Fund with the aim that one fund holds all revenue funding for cultural activity.

#### **3.2.**

The aims of the fund were to:

- Widen the cultural activity, which was eligible for Council funding, from festivals and museums to all arts, heritage and language, such as Orcadian dialect.
- Enable key cultural organisations to plan effectively on a longer-term basis.
- Enable the funding of cultural activity by non-cultural organisations.
- Be more responsive.
- Provide equity in funding.
- Fund more cultural activity and support an increase in cultural activity across the county.
- Improve the monitoring and audit of Council expenditure.

#### **3.3.**

The Culture Fund has two elements:

- Core funding is ring-fenced for key cultural organisations in the county. It currently stands at £140,000.
- An open funding pot available by application, annually, to any Orkney-based, not for profit organisation (or organisations based outwith Orkney for whom the suggested project has sole benefit for Orkney), with the exception of key cultural organisations in receipt of core annual grants.

#### **3.4.**

In 2017/18, the Culture Fund Open Pot was reduced by £8,000 from £27,000 to £19,000, as part of the budget setting process. In addition, those organisations in receipt of core annual grants, known as key cultural organisations, were deemed no longer eligible for grant assistance from the Open Pot.

#### **3.5.**

In 2021/22, the Culture Fund's Open Pot dispersed £23,000 of funding, following a 10% uplift, after over three years of funding levels being frozen.

### **3.6.**

Applications to the Culture Fund Open Pot rose from £38,846 in 2019/20 to £57,227 in 2020/21, the latter being the highest level of interest the open pot had received. The total available funding for applications for 2022/23 was £35,192. The impact of the reduction of funding in 2017/18, the recent rise in applications, and thus the significant oversubscription of the fund, prompted an internal review of the Culture Fund in 2021 to ensure that the fund continued to be fit for purpose.

### **3.7.**

The key recommendations of the 2021 internal review of the Culture Fund are to adopt national best practice in the culture, heritage, and arts sectors via:

- Widening the membership of the assessment panel to include external sector experts.
- Operating assessment systems and review cycles in line with national frameworks recommended by Creative Scotland, the public body supporting the arts, screen and creative industries across the country.

## **4. Proposed Changes**

### **4.1. Timeline**

The Culture Fund Open Pot presently has one deadline for applications, which changes from year to year but is always in late January to early February to enable dispersal of funds for the following financial year. The proposal is to bring the timeline forward from January/February process to a June to October process, allowing more time to apply and consider applications and still complete before the end of the financial year with approved funds being released at the start of the following financial year. In 2022/23 this will allow separation from the one-off COVID-19 Recovery Fund, £300,000 which was allocated by Council from the Strategic Reserve Fund on 23 December 2021 to support Orkney's festivals, music events and cultural organisations which have been severely impacted by the effects of the pandemic.

### **4.2. Panel Membership**

#### **4.2.1.**

The Culture Fund Open Pot currently has an internal panel which consists of representatives from the Council, as follows:

- Chair, Education, Leisure and Housing Committee.
- Vice Chair, Education, Leisure and Housing Committee.
- Corporate Director for Education Leisure and Housing.
- Head of Community Learning, Leisure and Housing.
- Leisure and Culture Service Manager.
- Culture Team Manager.

- Arts Officer.

#### **4.2.2.**

The panel meets annually in mid-February to review applications, who then make recommendations to the Corporate Director for Education, Leisure and Housing. The Corporate Director thereafter exercises delegation by awarding funding.

#### **4.2.3.**

The proposal is to consider adopting national best practice in the arts, heritage, and cultural sectors in terms of funding dispersal that extends the consideration of Culture Fund Open Pot applications to external specialist funding organisations. This is intended to strengthen the transparency and quality of funding decision. Invitations to join the panel would be extended to:

- The largest Third Sector organisation in Orkney, Voluntary Action Orkney, in order to provide local oversight of the Culture Fund Open Pot with considerable expertise in funding dispersal and third sector heritage and arts organisational development.
- Two national funding bodies with expertise in Arts, Creative Scotland and Museums Galleries Scotland. This also ensures a greater understanding of Orkney's cultural infrastructure and needs in terms of wider funding opportunities, paving the way for local organisations to make successful national funding bids and potentially bring additional funding into Orkney.

### **4.3. Dispersal of funding in advance of project completion**

#### **4.3.1.**

It is proposed that grants be dispersed at the start of the financial year rather than retrospectively. This is in line with the current administration of funding for the Visual Arts and Craft Makers Award (VACMA). This was adopted practice by Creative Scotland in 2020/21, and ties the funding to the production of receipts and a final project report. Currently, Open Pot recipients receive grants of up to £3,000 and provide proof of expenditure to release funding. The experience of VACMA has been that payments in advance lead to the streamlining of administration and the lifting of the economic burden on grant recipients.

#### **4.3.2.**

To ensure robust monitoring and best use of Council funds, payments would be accompanied by a requirement to provide detailed reports and receipts at the conclusion of the grant period to evidence how the funding was spent. In 2022/23, a return form will be trialled as a new initiative to gather data on the impact of projects against Orkney Islands Council's Values and Priorities. The VACMA experience indicates that the introduction of grants being paid in advance with reporting a condition of award has led to a 100% return of end of project reports.

## **5. Links to Council Plan**

### **5.1.**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority theme of Quality of Life – Orkney has a flourishing population, with people of all ages choosing to stay, return or relocate here for a better quality of life.

### **5.2.**

The proposals in this report relate directly to Priority 5.9 to further promote and administer Culture Fund through core funding and grant assistance scheme to support community cultural activity.

## **6. Links to Local Outcomes Improvement Plan**

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of Community Wellbeing.

## **7. Financial Implications**

There are no financial implications arising from this report.

## **8. Legal Aspects**

### **8.1.**

In terms of the Local Government and Planning (Scotland) Act 1982, section 15(2), the Council may provide or do or arrange for the provision of or doing of, or contribute towards the expenses of providing or doing, anything necessary or expedient for the purpose of ensuring that there are available, whether inside or outside their area, such facilities for recreational, sporting, cultural or social activities as they consider appropriate, and in terms of section 17, the Council has the power to make such contributions as will promote music, theatre, dance, opera, visual art of other art forms and museums and galleries.

### **8.2.**

All grant recipients will be required to enter into a grant funding agreement with the Council prior to receiving funds. Should the Council decide to release funding at the beginning of the financial year rather than retrospectively, then the grant funding agreement would set out, amongst other things, the recipient's obligation to provide receipts and an end of project report. Failure to provide these items within the stipulated timescale would constitute a breach of the agreement, entitling the Council to seek partial or full recovery of the funding. Although this goes some way to addressing the risk to the Council of releasing grant funding prior to expenditure, it should be borne in mind that recovery may not be possible in practice if the grant recipient has insufficient funds.

### **8.3.**

The Council must make arrangements which secure best value. Best Value is the continuous improvement in the performance of the authority's functions.

### **8.4.**

The Council is obliged to follow its own budget setting process and procedures in accordance with the terms of the Financial Regulations.

## **9. Contact Officers**

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