



Subject:	Strengthening the Cultural Sector: Proposed “Resilience Building” Investment Programme
Date:	14 June 2017
Reporting Officer:	Donal Durkan, Director of Development
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report
1.1	<p>The purpose of this report is to:</p> <ul style="list-style-type: none">– Provide Members with an update on the development work that has been undertaken by Officers from Belfast City Council, in conjunction with their counterparts from the Arts Council of Northern Ireland (ACNI), to develop a targeted “resilience building” programme for key citywide arts and cultural organisations in order to help the organisations to build a more stable foundation for their future growth– Seek Members’ approval to proceed with the development and delivery of the programme– Note the overall programme costs of up to £600,000 over a three year period, with costs

	<p>to be evenly split between Belfast City Council and Arts Council for Northern Ireland. The Council contribution in the current financial year will be £100,000. This amount was set aside in the financial estimates for the current year and has already been approved by this Committee in April 2017, as part of the Cultural Action Plan.</p>
2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • Note the report • Approve to recommendation to proceed with the development and delivery of the programme, as set out in sections 3.6-3.12.
3.0	Main report
3.1	<p><u>Strategic Context</u></p> <p>In 2016, the Building Change Trust, in partnership with Arts and Business Northern Ireland, commissioned and financed research that examined social investment in the arts. The purpose of this research was to explore the potential for increasing social investment in the arts and cultural sector in Northern Ireland as a means of contributing to the sector's sustainability in the context of ever-reducing public funding sources.</p>
3.2	<p>The research report highlighted a number of key findings. These included:</p> <ul style="list-style-type: none"> – Arts and cultural organisations are very reliant on public funding at a time when this funding source is under significant threat. 59% of the organisations that participated in the survey reported public subsidy levels of 75% or more. Although some arts organisations have lost some or all of their funding over the last three years, standstill ACNI funding has been the reality for the majority over the past five to six years. It is important to note that, over that period, Belfast City Council budgets have been maintained and increased slightly. However, given the importance of the Arts Council's investment, this means a significant reduction in real terms for most organisations – The need to increase the strategic financial management capacity amongst arts organisations and the development of board and trustee vision and expertise, particularly in relation to risk and investment readiness. – Current funding structures and models do not support organisational stability and impede organisational development and growth. Arts organisations identified a number of specific challenges including:

- Difficulties in securing adequate core funding
- Annual funding cycles make it difficult to plan and to develop their programmes
- The perception that funders penalise organisations which hold reserves
- Very burdensome application and reporting regimes;
- Delays in decision making, and;
- The burden of making provision for proposed “in-year” funding cuts while trying to programme to meet audience demands.

3.3

It identified the need for a programme of strategic investment to cover areas such as:

- Diagnosis of organisational assets and organisational capacity to exploit them
- Attention to common themes and issues which organisations might more effectively tackle in collaboration with others rather than working alone
- Provision of dedicated and targeted support relevant to the needs of the specific organisation – while recognising opportunities for joint learning and supporting collaboration among organisations
- One-to-one mentoring and support to provide organisations with consistent encouragement and advice.

3.4

Members will be aware that Belfast City Council, in conjunction with Derry City and Strabane District Council, has agreed to submit a joint bid for European Capital of Culture (ECoC) in 2023. The foundation of a viable application is a strong and vibrant cultural sector. Belfast City Council currently invests almost £2million per annum across a range of support initiatives for the sector. However, it is clear that, similar to the issues identified in the Building Change Trust report, organisations are struggling with issues of limited capacity, short term funding management, cash flow management and limited marketing and financial management expertise. In that context, officers have been exploring opportunities for targeted investment in the city’s key cultural infrastructure in terms of organisations and events in order to stabilise and establish a platform for sustainable development into the future.

3.5

Based on the Building Change Trust research and on engagement with cultural organisations that we already support, Officers have developed the concept of a Capacity Building Resilience Programme that would run over a three year period. The programme would be delivered through a phased approach, concentrating on building the capacity whilst helping to support the financial stability and longer-term resilience of the arts and cultural organisations that both organisations currently support.

Programme overview

3.6

The aim of the programme is to encourage creative thinking about how participating organisations can remain sustainable and develop in the context of a challenging funding environment and changing audience needs and to build the capacity within the organisation to meet those needs. The programme will enable citywide organisations to review and change their missions and/or business operations to achieve long-term creative and financial stability as part of the capacity building work aligned to the European Capital of Culture process. Organisations will be expected to commit to a forensic analysis of their current operations, examine their capacity at operational and Board level and demonstrate a willingness to take on board the recommendations of the independent advisors. Given the scale of investment, it is likely that there will be no more than 15 participants throughout the duration of the programme.

3.7

All elements of the organisation's operations will be considered – depending on their individual circumstances. These might include:

- Review of business processes, taking account of opportunities to streamline activities, or perhaps to put an end to activities that are no longer in keeping with the organisation's mission
- Consideration of changes in business structures e.g. acquisitions, mergers, alliances or joint ventures
- Exploration of opportunities for financial restructuring to reduce overheads and or achieve economies of scale
- Assessing how organisations can engage better with artists and audiences alike and how they can develop new audiences
- Exploring ways to support innovative artistic practice
- Improving organisational management capacity to support business growth.

3.8

Programme timetable

It is planned that the programme will commence in the current financial year. The main focus of the work this year will be on programme design, development and commissioning.

3.9

An initial call for applications will open at the end of 2017. Organisations applying for support will be required to give consideration to their key current challenges in creative and business terms and the outcomes that they expect from participation in the programme. Once they are accepted on to the programme, the initial diagnostic work and that detailed technical support

interventions will take place over a period of around nine months, depending on the needs and availability of the individual organisations. Following this intervention, organisations may be able to apply for financial assistance to help towards the implementation of some of the recommendations. This financial assistance may cover items such as funding for time-limited development projects or provision of mentoring support over a defined time period on issues such as marketing or audience development to stimulate business growth. Other forms of support may be available, such as injections of working capital. However, financial awards will not be made to help with the day-to-day financial outgoings of the organisation; they will focus on supporting the strategic development of the organisation.

Draft Eligibility criteria

3.10

Officers are currently finalising the eligibility criteria for the scheme. However, at present, it is proposed that participating organisations should comply with the following criteria:

1. Must be based in Belfast and currently in receipt of funding from both ACNI and Belfast City Council. This means that organisations must have an office in and operational focus in the Belfast City Council area
2. Must be a formally constituted arts or heritage organisation, in other words, have a constitution or memorandum and articles of association
3. Organisation's primary missions must lie in the creation, production or presentation of the arts
4. Must be recognised as charities or established on a non-profit distributing basis
5. Must have paid full-time staff
6. Must demonstrate that their programme has a city-wide reach
7. Must have an annual turnover in excess of £400,000
8. Must have a business plan covering at least the next 1-3 years of activity
9. Must have a marketing and audience development plan (s) covering at least one year of activity
10. Must have up-to-date annual and management accounts signed and agreed by the board or management committee
11. Must have a board or management committee and supply a list of members
12. Must agree to dedicate adequate senior management time to the programme, for the entire duration of the support activity
13. Must be willing to disclose their business affairs fully to external advisors and enter

<p>3.11</p> <p>3.12</p> <p>3.13</p>	<p>into the spirit of the programme</p> <p>14. Must have all relevant policies in place, such as a child protection policy and equal opportunities policy and keep to relevant laws including the Race Relation (NI) Order 1997, the Sex Discrimination (NI) Order 1976, fair Employment and Treatment (NI) Order 1998, and the Disability Discrimination Act 1995</p> <p><u>Financial & Resource Implications</u></p> <p>The Belfast City Council budget allocation for this year is £100,000. This amount will be matched by the same level of funding from ACNI. The Council allocation will be resourced from the agreed Departmental budget allocations for the current financial year, as set aside in the budget estimates process. These have already been approved by the Committee.</p> <p>Overall programme costs over the three year period will total £600,000. This will be evenly split between Belfast City Council and ACNI. The budget for subsequent years of the programme delivery will have to be secured through the annual estimates setting process and will be included as part of the Tourism, Culture and Arts Unit’s annual budget.</p> <p><u>Equality or Good Relations Implications</u></p> <p>Officers will liaise with the Council’s Equality & Diversity Officer on the development and roll out of the programme and undertake any required equality screening exercise of the programme.</p>
<p>4.0</p>	<p>Appendices – Documents Attached</p>
	<p>None</p>