

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH AND NEIGHBOURHOOD SERVICES

TO:	POLICY COMMITTEE		
DATE:	18 JANUARY 2021		
TITLE:	ACCEPTANCE OF CULTURE RECOVERY FUND GRANTS		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to advise Policy Committee of the award of an Arts Council England (ACE) culture recovery fund and The National Lottery Heritage Fund's (NLHF) culture recovery fund for heritage, totalling £1.069m.
- 1.2 In July 2020 the government announced a £1.57 billion Culture Recovery Fund (CRF) designed to safeguard cultural and heritage organisations across the UK from the economic impact of COVID-19. Portions of the funding are being distributed by Arts Council England for arts and culture, the British Film Institute for film and cinema and The National Lottery Heritage Fund, for heritage. The deadline for applications to The National Lottery Heritage Fund was 17 August 2020 and the deadline to the ACE fund was 21 August 2020. Both funds had very short application timelines and organisations were encouraged to apply to round one of the funding.
- 1.3 A bid for up to £80,500 was submitted to the culture recovery fund for heritage to support the Abbey Quarter and a bid for £989,374 was submitted to the culture recovery fund to support The Hexagon, South Street and Reading Museum. In October the council was notified that it had been successful with both bids and awarded the full amount requested. Arts Council England gave the council two weeks within which to accept the grant. Having sought legal advice, the council accepted the ACE grant. The National Lottery Heritage Grant provided their final terms and conditions of the grant in December and having sought legal advice, the council accepted the grant, again due to the limited time frame within which to accept the grant.

2. RECOMMENDED ACTION

- 2.1 That grant funding of £989,374 from the Arts Council England's culture recovery fund be accepted and the Executive Director for Environment, Neighbourhoods and Economic Growth, in consultation with the Lead Councillor for Culture, Heritage & Recreation, be authorised to allocate the funding to support The Hexagon, South Street and Reading Museum to mitigate the economic impacts of COVID-19 on those venues.

- 2.2 That grant funding of up to £80,500 from The National Lottery Heritage Fund's culture recovery fund be accepted and the Executive Director for Environment, Neighbourhoods and Economic Growth be authorised, in consultation with the Lead Councillor for Culture, Heritage & Recreation, be authorised to allocate the funding to support activities within Reading Abbey Quarter to mitigate the economic impacts of COVID-19.
- 2.3 That, subject to satisfactory terms and conditions being published by Arts Council England, the Executive Director for Environment, Neighbourhoods and Economic Growth be authorised to apply for grant funding from the second round of Arts Council England's culture recovery fund to support eligible cultural services transition back to a viable and sustainable operating model during April-June 2021.

3. POLICY CONTEXT

- 3.1 External funding is an important source of income to the Council, but funding conditions need to be carefully considered prior to entering into agreements, to ensure that: (i) They are compatible with the aims and objectives of the Council; (ii) The necessary procedures are in place to meet funding conditions and reporting requirements; and (iii) Appropriate budget provision is available if 'match funding' is required.
- 3.2 In March 2020 when the country moved into lockdown The Hexagon, South Street and Reading Museum were forced to close among many other businesses and venues. While the buildings were closed to the public Reading Museum moved much of its content online, including a successful VE Day 75 resources and Windrush Day. Reading Museum reopened to the public in September 2020. During lockdown, The Hexagon and many of its staff transformed the theatre into the One Reading hub delivering vital support packages to vulnerable residents. The Hexagon reopened for public performances in October 2020. As of 5 November 2020, all three venues are closed again under current lockdown restrictions. In a usual year, the Abbey Quarter, which is focused around Reading Abbey ruins and the Forbury Gardens, plays host to a wide variety of events and activities that showcase and tell the story of this historically significant part of Reading. As a result of ongoing social distancing measures and the tragic events that took place in Forbury Gardens in June 2020 where three men lost their lives, limited activities and events have taken place. The financial impact of these closures has been significant with a reported £1.254m income shortfall. To mitigate these losses, staff were furloughed where applicable or redeployed and the council has also been able to claim some of the lost income from central government a part of the scheme to compensate local authorities for irrecoverable income losses from sales, fees and charges. The scheme enables authorities to recover 75p in every £1 of budgeted income lost due to COVID-19 restrictions this financial year once the authority has absorbed 5% of those losses themselves.
- 3.3 In July 2020 the government announced a £1.57 billion Culture Recovery Fund (CRF) designed to safeguard cultural and heritage organisations across the UK from the economic impact of COVID-19. Portions of the funding are being distributed by Arts Council England (ACE) for arts and culture, the British Film Institute for film and cinema and The National Lottery Heritage Fund, for heritage.
- 3.4 The aims of the ACE culture recovery fund were to maintain England's cultural ecology by supporting significant organisations which were financially sustainable before Covid-19 but are now at imminent risk of failure and have exhausted all other options for increasing their resilience. This investment is intended to ensure that, by 31 March 2021, successful applicants are either: a) fully or partially reopened, or b) if

not yet reopened, operating on a sustainable, cost-efficient basis, so that they are able to reopen at a later date.

3.5 Key criteria of the fund included:

- No match funding required from RBC
- All of the grant funding must be used to deliver the Plan as agreed between RBC and ACE - any services agreed in the Plan cannot be unilaterally reduced by RBC without ACE's prior written consent. The Plan covers the period 1 Oct 2020 - 31 March 2021
- This fund is to enable cultural organisations that have been affected by the Covid-19 crisis to stay afloat, providing them with support over a 6-month period to ensure that by 31 March 2021 they can reopen, either fully or partially, or operating on a sustainable, cost-efficient basis until they are able to reopen at a later date.
- No changes can be made to the "Plan" put forward by RBC in its Application for funding without ACE's prior written consent. The 'Plan' includes revenue costs for the Hexagon, South Street and Museum including; staffing, utilities, some equipment and cleaning costs to enable re-opening for the period 1 October - 31 March 2021
- All records, including financial records must be kept by RBC for 7 years after the completion of the Plan.
- RBC is responsible for ensuring that its Plan is compliant with State aid law. State Aid analysis carried out by Legal
- Confirmation that any pay restraint conditions referenced in the Terms, for local authorities this condition applies as far as it is legally possible to do so, where it is not legally possible for a local authority to meet this condition, it would not be enforced against them.

3.6 A bid was submitted to the ACE CRF covering the costs associated with The Hexagon, South Street and Reading Museum. The bid outlined:

- the intention to open all venues as Covid 19 secure from September/October either fully or with a reduced programme to reflect social distancing, and where it presents value for money.
- adapting our cultural programme to adapt to Covid 19, depending on the layout of the venue, suitability for social distancing and the programme available.
- The funding enables the Museum to care for its sites and collections, allow for full reopening of the Museum to the public, and maximise income through a reconfigured learning offer, and enable income through shop sales and visitor donations.
- South Street to partially re-open with a programme produced to incorporate social distancing and for private hires/ creative tenants. This applies only up to 31 March 2021.
- Some of the existing theatre and comedy programme that cannot be delivered at South Street will be repurposed to the Hexagon to ensure ongoing support to the industry, creatives and retain South Street audiences.

3.7 The bid also outlined the financial procedures in place including a financially robust review of accounts and ongoing finances, and dedicated finance and accountancy support.

3.8 The aim of the Culture Recovery Fund for Heritage is to support organisations across the heritage ecosystem that were financially sustainable before COVID-19, have exhausted all other financing options, and are now at risk of failure. A bid was submitted to NLHF and Historic England for the Culture Recovery Fund for Heritage to help the Abbey Quarter site (Forbury Gardens and Reading Abbey Ruins) to be more resilient in responding to the needs of the communities in engaging and accessing culture events in a safe manner and to explore new avenues to safeguard income

streams from the site. The funding must be spent by the end of this financial year, 31 March 2021.

3.9 The bid outlined:

- Delivering event and heritage activities in the Abbey Quarter safely and appropriately.
- Exploring the new technologies including the use of live streaming equipment to help us reach larger audiences through a range of digital platforms, especially those dedicated to video conferencing and live streaming,
- Adapting good practices and taking learning from the upcoming events over the next 6 months into next year and the wider programming of site.
- Diversifying potential income streams to safeguard the future of the site.
- Sharing new learning and good practices with the wider community and peers to ensure that the community can continue to use the site and be part of its sustainable development.

4. THE PROPOSAL

4.1 Current Position:

The conditions of the ACE grant meant the council needed to accept the grant within two weeks of being awarded it. This was accepted in consultation with colleagues in Finance and Legal Services.

4.2

In order to draw down the ACE funding, the council will need to submit a claim form, and confirm its participation in a programme evaluation. The council will also need to provide an updated activity plan with a new budget and cashflow to draw down the second payment, and activity report and income and expenditure account for the final payment.

The ACE payments schedule is as follows:

- Payment Request #1 (Initial) 13/10/2020 £494,687
- Payment Request #2 (Interim) 30/12/2020 £395,750
- Payment Request #3 (Final) 28/04/2021 £98,937

4.3

The final terms and conditions of the NLHF grant have been published and are satisfactory. The grant will be paid in two instalments of 50%, subject to the submission of satisfactory information to NLHF.

Options Proposed

4.4

It is proposed that the council accepts the grants awarded by both ACE and NLHF to support the ongoing viability of the Hexagon, South Street, Reading Museum and Abbey Quarter, which have been heavily impacted as a result of covid19.

4.5

It is also proposed to apply to the second round of the ACE culture recovery fund to support the transition of eligible services back to a viable and sustainable operating model during April-June 2021. This is subject to the terms and conditions being satisfactory and not

Other Options Considered

4.6

Since applying for the grant, the government's Coronavirus Job Retention Scheme has been extended to until 31 March 2021. It had been due to end on 31 October 2020. Both Reading Museum, the Hexagon and South Street furloughed staff and included staff costs in the application to the ACE fund. Following the extension of the CJRS, the council has been advised by ACE that there are no restrictions to Culture Recovery Fund awardees applying to CJRS to cover staff costs that were not factored into the CRF grant. However, we cannot apply to CJRS for staff costs that were set out in the application to the Culture Recovery Fund to be covered by the Culture Recovery Fund grant, as there cannot be double funding of the same staff costs by two government

grants. In the funding claim back to ACE, the council will need to identify any CJRS payments received.

- 4.7 The council could choose not to accept the grant. The implications would be continued pressure on the 2020/21 revenue budget due to the ongoing covid19 restrictions limiting revenue generating activity.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The proposal to accept the grants supports the following Corporate Plan priorities:

1. Securing the economic success of Reading and provision of job opportunities
2. Ensuring that there are good education, leisure and cultural opportunities for people in Reading

The grant also contributes to the Council's strategic aims. The strategic aims are:

- To Develop Reading as a Green City with a sustainable environment and economy at the heart of the Thames Valley
- To establish Reading as a learning City and a stimulating and rewarding place to live and visit

- 5.2 The Hexagon and South Street generate £4.5M in revenue and both venues support a wider ecosystem of SMEs and freelance workers to produce and stage performances, delivering an arts programme to over 200,000 people a year. The Hexagon is the largest theatre in Reading, and the local region, connecting with audiences from a wide geographical range. The venue presents a busy mixed programme that attracts audiences from the local community and provides a wide range of community uses. With over 250 events a year the venue is popular on the national touring circuit. There are no other similar venues in Reading, and it provides a crucial cultural and economic driver for the night time economy, enabling Reading to achieve Purple Flag status and supporting the hospitality sector in central Reading. South Street is the only professional arts centre in Reading and the only one to regularly present high-quality touring theatre programme. South Street has a national reputation for its high quality, small-scale, contemporary performing arts programme & is a vital part of the UK's touring ecology. It is unique in Reading, offering audiences access to high quality, nationally acclaimed work & has a long history of programming early work from artists that have gone on to national significance

- 5.3 Reading Museum works with its local partners to provide cultural opportunities to underserved groups, particularly through the ACE supported Museums Partnership Reading's youth strategy and volunteering scheme. The Museum's learning and engagement team reach large numbers of young people. Up to 20,000 children visit each year and another 50,000 use our loans boxes a year. Its 'Museum on Wheels' outreach project attended 16 community venues in 2019 and reached over 6,400 people. The Museum is also a founder member of Reading's well-respected Cultural Educational Partnership co-ordinating cultural opportunities for young people.

- 5.4 Reading's communities see the Museum as the 'go to place' to explore and present their histories. The team works with a wide range of local groups to co-produce programmes that tell stories from Caribbean carnival to football, from Asian architecture to climate change, both within the museum and in the community, as well as online. Examples this year include the nationally acclaimed Windrush Day project and a school's Diwali dance project, both of which were adapted to virtual cultural offers due to the pandemic.

- 5.5 The Museum led the Reading Abbey Quarter project, which in September was awarded 'Best use of Heritage in Placemaking' at the National Planning Awards 2020. The judges were particularly impressed with the use of community participation in

consultations to ensure a broad spectrum of people could participate and enjoy a new 'sense of place' within the Abbey Quarter.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).

6.2 There are no environmental and climate implications resulting from these recommendations.

7. COMMUNITY ENGAGEMENT AND INFORMATION

7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".

7.2 No public consultation has been carried out on the proposal to apply or accept the culture recovery funding, However, the museum, Hexagon Theatre and South Street theatre plus the activities that take place within the Abbey Quarter have customer feedback and evaluation embedded as part of their operations and use this to inform future service delivery.

8. EQUALITY IMPACT ASSESSMENT

8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2 There are no equality implications as a result of this decision. Accepting the grant will enable the museum in particular continue to carry out its work with underserved and diverse communities including those protected by the Equality Act.

9. LEGAL IMPLICATIONS

9.1 ACE's offer of funding under the Arts Council England's Recovery Grants programme is made available to all recipients, including local authorities, pursuant to ACE's standard terms and conditions for grant dated July 2020. The NLHF's offer of funding is subject to its standard terms and conditions for grant dated December 2020. This document sets out the legal responsibilities of the Council in accepting both the ACE and NLHF funding.

9.2 This standard form of grant requires that all grant funding must be used by the Council to deliver the activities set out in its application for funding (the "Plan") as agreed by ACE and NLHF. Any activities/services documented in the Plan cannot be unilaterally reduced or changed by the Council without ACE's or NLHF's prior written consent. The Plan covers the period 1 October 2020 to 31 March 2021 and the activities included therein are consistent with the expected/planned activities to be delivered by the Council during this period.

- 9.5 Both the ACE and NLHF standard form of grant includes a “pay restraint” condition as required by the Department for Digital, Culture, Media and Sport (DCMS). Confirmation has been requested and received by the Council from ACE that any pay restraint condition referenced in the standard form of grant will not be enforced against a local authority where it is not legally possible for that local authority to implement such a pay restraint condition.
- 9.4 As the grant comes from public funds the Council has carried out a State aid analysis and is satisfied that the support provided through the ACE grant is compliant with State aid law.

10. FINANCIAL IMPLICATIONS

- 10.1 Cultural Services is forecasting an overall overspend of £2.763m in Period 7, an improvement of £0.989m on Period 6. The improvement is due to the successful bid for grant funding from the Arts Council Funding for the Cultural Recovery Fund. The funding will cover the expenditure incurred at the Hexagon, South Street and the Museum until the end March 2021 including staffing, utilities and covid19 adaptations. There remains a £1.254m income shortfall across the theatres and Town Hall, assuming no shows are possible until April 2021.

11. BACKGROUND PAPERS

- 11.1 Arts Council England, Culture Recovery Fund: Grants.
National Lottery Heritage Fund, Culture Recovery Fund for Heritage