

Gloucester City Council

Meeting:	Cabinet	Date:	11 September 2019
Subject:	Gloucester Culture Trust – Future Financial Support and Kings House		
Report Of:	Leader of the Council and Cabinet Member for Regeneration and Economy, Cabinet Member for Culture and Leisure		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
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Appendices:	None		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 This Report seeks to build on the progress made in the delivery of the City's Cultural Vision and Strategy 2016-2026. The Report notes the progress that has been made and the external funding which has been secured to assist the City in delivering its strategy.
- 1.2 The report seeks a commitment from the City Council for future funding from next year onward to allow the Culture Trust to continue to develop the range of its activities and attract further, substantial, external funding into the City: agreement to explore the potential of sustaining a Gloucester Festivals Innovation Fund and approval to offer Kings House as a base for the Culture Trust's Creative Workspace Hub and Music Studios for The Music Works.

2.0 Recommendations

2.1 Cabinet is asked to **RESOLVE**:

- (1) to note the potential significant external funding opportunities opened by having an active, well-regarded, and successful Cultural Trust with a growing track record of delivery
- (2) to commit to providing further core funding of £100,000 over 3 years from 2020/21 and authorise the Corporate Director to enter into grant and service level agreements with the Gloucester Culture Trust.
- (3) to strategically review the effectiveness of the 2019/20 City Council Festivals & Events programme with a view to identifying the potential to commit to allocating a proportion of the budget towards a Gloucester Festivals Innovation Fund

- (4) to authorise the Corporate Director, after consultation with the Cabinet Lead Members for Regeneration and Economy and Culture and Leisure and the Solicitor to the Council, to negotiate terms and conclude leases with the Gloucester Culture Trust and The Music Works in each case for a term of 20 years from completion and at a peppercorn rent, and upon such other terms and conditions as the Corporate Director considers appropriate.

3.0 Background and Key Issues

- 1.1 In March 2016, Gloucester City Council signed off an ambitious ten-year strategy for the city. Recognising that Gloucester was lagging similar places in terms of its cultural offer, and the economic and social benefits this brings, the Council agreed six Strategic Objectives to catalyse change.
- 1.2 To deliver the strategy, Gloucester City Council helped to establish the Gloucester Culture Trust (GCT) to lead the delivery of the strategy as part of a network of strategic partner organisations and collaborations that include the University, the Cathedral, the LEP, local business and a range of cultural organisations and artists.
- 1.3 Chaired from 22nd May 2019 by David Elford, Gloucester Culture Trust comprises 11 volunteer trustees, a team of 3.6 FTE staff and 2 freelancers; staff from 5 other partners are also directly funded to 'project manage' delivery/activity. The Trust has tried from the outset to ensure that a diverse range of voices sit round the table: the Board is half men, half women, three trustees aged 30 or under, a quarter of the Board is BAME.
- 1.4 In March 2016 Gloucester City Council (£40,000) and Arts Council England (ACE) (£50,000) agreed to provide seed-corn cash support to get the charity off the ground. The Trust's work was then kickstarted by a Great Place grant (joint Heritage Lottery, Arts Council and Historic England) of £1.49million, as part of a £3.1million project, which commenced in April 2017 and runs until Summer 2020¹. The Trust has also won funding from the Paul Hamlyn Foundation of £450,000, a significant grant for a city of Gloucester's size.
- 1.5 The Paul Hamlyn Foundation funding is intended to help develop skills within the Guildhall team, expand creative activity amongst young people, strengthen leadership and capacity in Gloucester's creative organisations, establish a Youth Advisory Board and attract inward investment. The active involvement of the City Council and its commitment to Culture was key to the strength of the funding bid. Being able to point to a tangible financial commitment in future years will continue to be a significant advantage at a time when other local authorities are reducing their investment in culture.
- 1.6 In a letter confirming the latest phase of Paul Hamlyn funding the Foundation's Senior Grants Manager said:

"We have watched the development and delivery of Gloucester's cultural strategy with great interest since our original large-scale grant to the initiative in 2017. We wanted to express our support for the ambitious vision and commitment of Gloucester City Council in

¹ The original March 2020 deadline has been extended by the funders.

growing culture in Gloucester. We look forward to watching the initiative develop further over the next 3 years.”

1.7 This significant external funding (almost £2m) has helped expand the Trust’s activities and increase its impact between 2017 and 2020 in delivering the City’s Cultural Strategy and Vision. A strong track record of achievement and delivery is being established which is underpinning the Trust’s reputation within and beyond the City and especially with external funders. The City Council’s financial and “in-kind” support has helped unlock this external funding and without continued support from the City Council the opportunities to fundraise for investment in the City are likely to diminish.

1.8 Financial Support to Gloucester Culture Trust

1.9 The City Council provided seed-corn financial support to the Trust in 2016 and 2017 and since then the Trust has been funded through significant grant awards from Great Place and the Paul Hamlyn Foundation. Great Place will end in 2020 and this report recommends that from 2020/21 the City Council make budget provision to grant fund the Trust in the sum of £50,000 pa in 2020/21, £35,000 in 2021/22 and £15,000 in 2022/23. The Trust’s financial plans indicate that this level of ongoing commitment will strengthen the Trust’s ability to secure additional funding from external sources and arts and cultural funders and foundations. The Trust aims to raise around £5 for each £1 granted by the City Council. At the end of the three-year period direct grant funding from the City Council will cease.

1.10 It is proposed that funding to the Trust reflects the broad economic, social, cultural and community well-being objectives being delivered by the Trust’s activities within Gloucester and the City’s immediate area and is made up of the following:

	Regeneration ²	Culture ³	Well-Being ⁴	Total
2020/21	£27,500	£20,000	£2,500	£50,000
2021/22	£20,000	£12,500	£2,500	£35,000
2022/23	£7,500	£7,500	£0	£15,000

1.11 The alignment of the Trust’s activities with the objectives in the City’s Cultural Vision and Strategy 2016-26 are set out in an earlier report to Cabinet.

3.12 In terms of alignment with the City’s Regeneration and Economic Development Strategy the Trust’s activities contribute to the overall City Vision of a “Gloucester which is a flourishing, modern and ambitious city, which all residents can enjoy” and in particular Objective 1 (Delivering Major Development Sites) including support for planning related public consultation, engagement of artists and producers and hosting focus groups, public art commission, external funding applications; Objective 2 (A vibrant city centre) including diversification of city centre spaces for performance, venues, creative workspaces, heritage projects and promoting Gloucester’s cultural offer, including the provision of a new multi-use venue and

² Funded from the Regeneration Investment Fund

³ Funded from a 2% retention of existing Cultural Services Budgets

⁴ Funded from the Gloucester Lottery central fund.

public realm renewal including helping to strategically shape and enable the future creative animation of a refurbished Kings Square; Objective 4 (Local Communities and Urban Regeneration) adopting ABCD to build confidence and provide opportunities in areas of persistent deprivation and Objective 5 (Jobs and Growth) by contributing to business engagement and collaborative working including the creative Entrepreneurs hub/creative workspaces.

3.13 Gloucester Lottery's central fund is intended to provide vital support to a wide range of local organisations and community initiatives. The work supported and delivered by the Gloucester Culture Trust, particularly its work with young people and in deprived communities is consistent with the purposes of the central fund.

3.14 A Grants Agreement and a formal Service Level Agreement between the City Council and the Culture Trust will set out how the Trust will address the City's strategic objectives and how success and outcomes will be measured.

3.15 Gloucester Festivals Innovation Fund

3.16 As part of the Great Place programme an innovation Fund was created to enable artists, performers, producers and other creatives to get involved and make work for the City's festivals and events. Over two funding rounds 13 projects have been supported and work includes: -

- 21-year-old artist who joined the trial Youth Advisory Board following his Innovation Fund commission which involved designing and creating a live large-scale mural painting at Tall Ships Festival.
- A new dance piece for Gloucester Carnival performed at the Fireworks Spectacular and also took part in the carnival day parade.
- 'Hope' exhibition at St Nicholas Church, providing a link between carnival and Art in the City including video elements to create a more immersive, interactive exhibition.
- New music following a song-writing workshop facilitated by a visiting song-writer. 23 participants involved some of which performed as part of Three Choirs Festival Village. CD created too with plans for another show in October.
- Spheres of Influence with community groups and a local school – 150 handcrafted spheres were made as part of the Earth to Moon season's Gaia installation.
- Documentary called Church Banned based on five churches formed by the Windrush generation. 11th Sept. at Gloucester Guildhall – part of History Festival.
- Accessible, vintage camping installation as part of the Heritage Hub Garden Party at the History Festival, 8th Sept.
- Programmed (and performed) at Poet's Corner at Liquor & Chow, providing spoken word as part of Three Choirs Festival and at a venue outside Gloucester Cathedral. 3 artists involved over 4 days.

3.17 To try to sustain the fund after Great Place it is proposed that the Council conduct a strategic review of the effectiveness of the 2019/20 City Council festivals and Events programme with a view to identifying the potential to commit to allocating part of the budget towards a continuing Gloucester Festivals Innovation Fund from 2020/21.

3.18 Kings House, Kings Square, Gloucester Kings House, Kings Square, Gloucester

- 3.19 Kings House, Kings Square is owned by the City Council. It is a three-storey property fronting the north east side of the Square. The Chambers public house lease expires in 5 years. There are also 3 other retail units one is vacant; one tenant is holding over, and the other unit's lease expires in 2 years' time. The upper two floors are vacant and have been for some time. Consequently, the space has been occupied on a short-term basis by a variety of users including Theatre Gloucestershire, Marketing Gloucester Ltd and the Gloucestershire Wildlife Trust.
- 3.20 The building comprises a 3 storey 1980's building with a public house and three-unit shops at ground floor and two upper levels of offices. The public house extends to approximately 4,867sq ft fronting onto Kings Square and the unit shops range from 837 to 877sq ft fronting onto Market Parade. The offices provide accommodation at first and second floors extending to 6,863sq ft and 6,943sq ft respectively. There is a rear service yard but no on-site car parking. The retail units are in reasonable condition, but the upper floor offices require investment to make them lettable. There is a document hoist but no lift and the space is not Equalities Act compliant.
- 3.21 The common parts and office accommodation are dated and the heating system and building services are no longer functional. However, the accommodation is centrally located, well-lit and situated in a location surrounded by planned public investment. Until recently the plans for Kings Quarter involved the demolition of the building so the Council has neither invested in or tried to let the upper floors. It could however be used as office or converted for residential accommodation.
- 3.22 To bring the property into lettable use as office accommodation the minimum work would be the provision of a lift, heating, refurbishment of the common parts and replacement of the decorative finishes and rewiring in the office accommodation. A ball park figure of £600,000 is not unreasonable for this work and may yield a rent of circa £80k pa. However, ahead of the investment it would be hard to attract an occupier and a lengthy void is likely to result.
- 3.23 The Council has not explored the possibility of residential conversion; the building does benefit from good natural light and has 2 stair cores so it should be possible to design a viable scheme though this doesn't fit with the Council's ambitions for the building.
- 3.24 The potential use of the upper floors of Kings House as a base for the Gloucester Culture Trust/Great Place Creative Entrepreneurs' hub and artist studios was a significant feature of the City Council's recent bids for funding from the Cultural Development Fund and the Future High Streets Fund. Whilst these bids were ultimately unsuccessful, and feedback is still awaited on the Future High Streets bid, the City Council was encouraged to continue to pursue, by other means, the ambitions set out in the Cultural Development Fund application, including the establishment of a Creative Hub.
- 3.25 Locating a centre for creative workspaces in the Kings Quarter development will have a significant beneficial impact on the economic, social and cultural

regeneration of Kings Square, the Kings Quarter and the wider city. The success of modern city centre redevelopment schemes rely heavily on mixed-uses which create vibrant communities, support and grow employment opportunities and generate activity and footfall beyond traditional retail trading hours. The proposed use of Kings House to offer creative workspaces and provide a home for new state-of-the-art music studios will underpin this mix.

3.26 As part of the Cultural Development Fund proposals it was anticipated that the Culture Trust would take a lease of the two upper floors and The Music Works would sub lease the top floor. For several contractual and operational reasons Cabinet is now asked to consider approving the grant of two separate leases. One to the Gloucester Culture Trust for the first floor and for the purposes of a Cultural /Creative Workspaces centre. The second lease to The Music Works for the second floor for the purposes of providing music studios and an operational base in Gloucester for The Music Works. Each lease for a period of 20 years and at a peppercorn rent.

3.27 The Gloucester Culture Trust has indicated that the benefits to the City of providing space in Kings House for the Gloucester Culture Trust's creative hub and The Music Works Studios include: -

- Contributing directly to the achievement of the City Council's Cultural Vision and Strategy objective 1 – supporting the development of artists and arts organisations so as to build the cultural and creative industries
- Supporting the City's Regeneration and Economic Development Strategy by providing dedicated spaces where creatives can meet, create, network and move into gainful self-employment or become an employer or employee.
- Creating jobs, increasing visitor numbers and improving the vibrancy of the City centre
- Providing the infrastructure to enable the Culture Trust to deliver a programme of support to Kings House tenants and others in the city which will offer 16 creative business skills workshops each year with a capacity to engage with 480 people, at least 13 creative business networking events and tenancies within the hub for 12 organisations and individuals.
- Significant investment in specialist music studios in the City Centre
- Providing a Gloucester base for The Music Works which works with young people in challenging circumstances to help them reach their full potential in music, in learning and in life and which produces significant musical events in Gloucester and Gloucestershire including the Kings Jam Festival in Kings Square.
- The project will deliver
 - 12 new jobs
 - 240 professional creative members
 - Help to 12 creative professionals/organisations to develop and grow their businesses
 - Start-up incubation for 8 businesses each year
 - 40 hot-desking spaces – creating a collaborative and supportive environment and a network of peers
 - 8 micro-pod studios
 - Meetings and rehearsal space

- New high-quality Music Studios with anticipated usage by 1,000 young people per year.
- Opportunities to showcase creative skills and performances in Gloucester venues
- Investment of c£1.4m in the fabric of the building and the provision of music studios.

4.0 Asset Based Community Development (ABCD) Considerations

4.1 The Council's approach to asset-based community development was instrumental in recognising the potential of a city-wide Cultural Trust and ensuring that the establishment of a Trust was part of the City's Vision and Strategy.

5.0 Environmental Implications

5.1 The content of this report does not have any tangible environmental implications.

6.0 Alternative Options Considered

6.1 N/A

7.0 Reasons for Recommendations

7.1 Great Place will end in 2020 and this report recommends that from 2020/21 the City Council make budget provision to grant fund the Trust in the sum of £100,000 over the next three-year period and provide twenty-year leases at peppercorn rents to The Gloucester Culture Trust and The Music Works for the first and second floors of Kings House. The Trusts financial plans indicate that this level of ongoing commitment will strengthen the trusts ability to secure addition funding from external sources and arts and cultural funders and foundations. The Trust aim to raise around £5 for each £1 granted by the City Council.

9.0 Financial Implications

9.1 Grant funding is sought from 2020 onward. There are no financial implication in the current financial year. If approved, this report will commit the Council to developing a budget from 2020 to 2022 which includes provision for a total grant of £100,000 funded from the Regeneration Investment Fund (£55,000); a minor top-slicing of Culture Budgets (£40,000) and a grant from the Gloucester Lottery Central Fund (£5,000).

9.2 The report also proposes a strategic review of the Council's spending on Festivals and Events with a view to identifying the potential to top slice the existing Festivals and Events Budget from 2020/21 onward to provide funding towards the Gloucester Festivals Innovation Fund which will support the development of new works and commissions as part of the City's Festivals and Events programme.

9.3 The estimated value of a peppercorn lease of the unmodernised 1st and 2nd floors of Kings House is £50kpa.

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 The Great Place grant funding referred to in this report was given to the Council and the Council is responsible for the delivery of the strands and compliance with the terms of the funding agreement.
- 10.2 The Council's duty under s123 of the Local Government Act 1972 to obtain best consideration upon disposals of land (including leases of more than 7 years) is mitigated by a General Consent issued by the Secretary of State where (a) the Council is of the opinion that the proposed disposal is for the social, economic or environmental benefit of the Council's district or its inhabitants; and (b) the sum foregone by the Council is less than £2million. In addition, following the Quirke review of community management and ownership of public assets, Councils have been encouraged to make property available to community groups at less than best consideration where the proposed use is for community benefit (commonly known as community asset transfer). However, there is the risk of conflict between these aims and State Aid restrictions.
- 10.3 State Aid rules apply to ensure that competition is not distorted by the distribution of public funds. Failure to comply with State Aid rules can mean a requirement upon the recipient to repay to the Council the aid directly or indirectly received, and the risk of a penalty being imposed upon the Council. There is also a risk of the potential for court proceedings if someone is able to prove to a Court that they have 'sufficient interest' in the decision to grant financial assistance found to be unlawful state aid.
- 10.4 In respect of the proposed funding and the King's House proposal, provided that the Trust is not seeking to draw tenants/occupants/service users from across the country or abroad, but is focussed upon existing and growing need within the City of Gloucester and its surrounding area, it is arguable that the support to the Trust does not affect or is not liable to affect trade between EU Member States. It will be important to ensure that the documents reflect the geographical limitations to ensure that competition is not distorted. The Trust will need to take its own legal advice in respect of potential State Aid implications affecting it.
- 10.5 To avoid any breach of forward funding limitations, the funding should be committed from current budget, albeit drawn down over future years.

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

- 11.1 N/A

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

13.1 None

14.0 Staffing & Trade Union Implications

14.1 None

Background Documents: None