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## **LOCAL FESTIVAL GRANT SCHEME**

**Report by Service Director Strategy and Policy**

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### **EXECUTIVE**

**10 March 2015**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report seeks approval for the allocation of 29 Local Festival grants for 2015/16, 2016/17 and 2017/18 inclusively.**
- 1.2 Scottish Borders Council operates an allocation-based grant scheme for Local Festivals. Currently, 28 Local Festivals are part of the scheme and each one receives a pre-determined annual grant towards the running costs of its festival activities. The current budget is £82,360
- 1.3 As part of this routine three yearly review, the report proposes the addition of the Burnfoot Carnival as a new entrant to the Scheme at an additional cost of £2,750 annually.
- 1.4 The report proposes a budget level of £85,110 from 2015/16 to 2017/18.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Executive Committee approves the:**
  - (a) **allocation of 28 Local Festival Grant Scheme grants for 2015/16, 2016/17 and 2017/18 inclusively, as listed in Appendix 1;**
  - (b) **inclusion of Burnfoot Carnival as a new entrant to the Scheme at an additional cost of £2,750 from 2015/16;**
  - (c) **virement of £2,750 from the current Community Grant Scheme budget to fund the addition of the Burnfoot Carnival.**

### **3 BACKGROUND**

- 3.1 On 29 March 2005, the Executive agreed recommendations made by a Working Group which was established to put forward proposals for the provision of grants to Community Councils, Local Festivals, etc.
- 3.2 New levels of funding for 30 Local Festivals, based on populations and the inclusion of horse cavalcades for the larger festivals (populations to 3,500), were approved and automatic grant allocations were put in place, to be approved on a three yearly basis.
- 3.3 It was agreed in 2005 that grant levels should reflect the increased costs of:
  - (a) public liability insurance; and
  - (b) public protection measures for festivals with horse cavalcades.
- 3.4 On 27 January 2009, following the first three yearly review, the Executive agreed recommendations to continue funding each of the Local Festivals at 2005 levels, to remove Clovenfords Gala Week and Leitholm Sport Committee on the grounds that they had not accessed their allocation for three consecutive years and to add Greenlaw Festival as a new addition.
- 3.5 On 22 January 2013, following the second three yearly review, the Council agreed recommendations to continue funding each of the Local Festivals at 2005 levels, to remove Reston which was no longer operating and to create a Grouping 4a to provide an enhancement to the Yetholm Festival Week in recognition of it having a horse cavalcade.
- 3.6 28 Local Festivals (Appendix 1) remained in the Local Festival Grant Scheme and a budget of £82,360 was approved to 2014/15.

### **4 ANALYSIS OF LOCAL FESTIVALS INCOME AND EXPENDITURE 2012/13 TO 2014/15**

- 4.1 As a condition of the Local Festival Grant Scheme, festival committees are required to submit their latest approved annual accounts as part of their annual grant claim. Appendix 2 shows the income, expenditure and free reserves of each of the 28 Local Festivals. Free reserves are that part of an organisation's income that is freely available for general purposes/spending. Organisations may also hold restricted reserves such as fixed assets or other restricted funds not readily available for spending.
- 4.2 Based on reported free reserves only, it would appear that all festival committees are operating within the confines of their budgets without the need for increased financial assistance from the Council. However, members should note that the three yearly review does not include an analysis of why free reserves are being held at such levels or of the future plans of any financially well managed festival committee who may well have risk assessed the need to hold higher reserve levels or who may be saving towards a significant development or event in the future.
- 4.3 Of the 28 Local Festivals, 28 report that they are financially viable and report end of year free reserves at varying levels.
- 4.4 For analysis purposes only, a very basic but widely recognised means testing rule of funding is that a financially well managed organisation should be working towards having a minimum of one year's typical income as a minimum level of free reserves. Based on this basic rule, and as a

guide only, 16 Local Festivals, although reporting a level of savings, nevertheless have free reserves that are lower than the minimum level of one year's typical income.

- 4.5 Of those 16, six Local Festivals have very low free reserves that fall below 50% of one year's typical income.
- 4.6 At the other end of the scale, 12 Local Festivals are reporting high levels of free reserves that are in excess of one year's typical income.
- 4.7 Of those 12, nine have free reserves which are significantly high in relation to both annual income and to the grant awarded. This leads to the assumption that the grant being allocated to those Local Festivals may be contributing to reserves levels year on year and is not actually required for the purpose provided. However, as stated at Para 4.2, it is not known why these festival committees are operating with high reserves.
- 4.8 Two Local Festivals (Cockburnspath Gala [£375] and Newcastleton Music Festival [£500]) have not claimed their grants for 2014/15 and the underspend of £875 will be transferred to the Community Grant Scheme Generic Budget in 2015/16 only, as agreed by Executive January 2009.
- 4.9 Based on the above information, the Local Festivals are considered to be in a healthy financial state. All appear to be financially well managed, financially viable and the Scheme has worked well to support a sustainable Local Festival sector in the Scottish Borders.

## **5 REVIEW OF FUNDING GROUPINGS**

- 5.1 The creation of the Local Festival Grant Scheme in 2005 was based on population levels and eight population-based groupings formed the Council's funding approach. As per Para 3.6, Grouping 4a was added in 2013 to create the current nine groupings. Groups 1, 2, 3a and 4a receive higher grant levels due to the inclusion of horse cavalcades in their festival activity. Population levels were updated at each review and there were no changes to Groupings.
- 5.2 This current three yearly review has updated the population figures for Groups 1-4 based on the 2012 National Registers of Scotland population estimates. Although population figures have changed within groupings, there are no changes to the original 2005 groupings.

## **6 CHANGES/ADDITIONS TO CURRENT SCHEME**

- 6.1 One addition is proposed to the existing Scheme.
- 6.2 The Burnfoot Carnival has been growing steadily over the last seven years and is now a vibrant part of the Local Festival calendar.
- 6.3 Burnfoot Community Council has a track record of applying to the Community Grant Scheme for support grants in 2009, 2013 and 2014 and has been regularly supported by the Hawick Common Good Fund. The Carnival Committee has now requested to be included in the Scheme.
- 6.4 It is recommended, given their track of grant claims, that Burnfoot Carnival be included in the Local Festival Grant Scheme from 2015/16. Based on a population level of 2,954, with no horse cavalcade, it is proposed that the Burnfoot Carnival be included in Group 3b. If Burnfoot Carnival were to be included in the Scheme, it would no longer be eligible to apply to the Community Grant Scheme.

- 6.5 Members should note that a population adjustment for Hawick Common Riding (Group 1) to exclude Burnfoot would not affect groupings or grant levels.

## **7 CONCLUSIONS**

- 7.1 Based upon the analysis of the annual accounts provided by the Local Festivals currently included in the scheme (Appendix 2), it would appear that the current system is fair and the level of grants awarded has helped to support the current sound financial position for the Local Festivals concerned.
- 7.2 Although some festivals do not appear to have a financial need for a grant, based on their annual accounts only, it is recommended that the Scheme continues until the next review point of 2017/18 and while additional information and understanding is gathered as part of the Council's risk mitigation actions outlined at Para 8.2.
- 7.3 At the next review in 2017/18, consideration will also be given to the introduction of a rule that if the level of free reserves exceeds 2 year's typical income the allocated grant may not be released. This will bring the Scheme into line with the Community Council Grant Scheme.
- 7.4 With the addition of Burnfoot Carnival detailed in Para 6, it is recommended that the Local Festival Grant Scheme should continue to fund the Local Festivals, with population groupings and grant allocations remaining unchanged.
- 7.5 A budget £85,110 is required for the three years from 2015/16 to 2017/18 resulting in a budget increase of £2,750 to be vired from the current Community Grant Scheme budget.

## **8 IMPLICATIONS**

### **8.1 Financial**

- (a) A budget of £82,360 is currently identified. The proposal to include the Burnfoot Carnival in the Scheme from 2015/16 will result in a budget growth of £2,750 and a budget request of £85,110.
- (b) It is proposed that £2,750 will be vired from the existing Community Grant Scheme budget held by Strategic Policy Unit.

### **8.2 Risk and Mitigations**

- (a) There are a number of risks to the Council in relation to these recommendations to continue the Local Festival Grant Scheme in its current form, including risks in relation to the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.
- (b) The Local Festival Grant Scheme, as set up in 2005, has no control measures and no evidence is held to assure the Council that grants are soundly made in line with Following the Public Pound and the Council's Grants Policy.
- (c) Good practice in grant making would suggest that, as a minimum, grant-making risks can be minimised by ensuring that the Council holds up-to-date constitutions, annual accounts and equality statements for all organisations funded. For sound audit purposes the Council should state the purpose of the grant within a grants contract and monitor and evaluate the grant spend. This should be

done in a proportionate way commensurate with the level of the grant made. As a small grant scheme (grants under £10,000), a light touch, minimalistic approach to grant-making is appropriate.

- (d) Good practice also suggests that risks can be further reduced (for both grant makers and grant recipients) through the provision of advice notes covering relevant legislation changes and signposting to support agencies, enabling the Council to evidence that we have informed the organisations we fund of key changes that may (or may not) impact on their risk levels.
- (e) To mitigate the risks of recommending the continuation of the Local Festival Grant Scheme in its current form, the Strategic Policy Unit will ensure, prior to the release of grants in 2015/16, that:
  - (1) all up-to-date constitutions are requested, reviewed and held in support of the award; that
  - (2) the latest annual accounts are held and reviewed (this is the only current requirement of the Scheme); and that
  - (3) Equal Opportunities Policies or Statements are requested, where they exist. Where Festival Committees have not yet adopted an Equalities Statement they will be asked, as part of the grant award, to sign a general statement linked specifically to the purpose of the grant.
- (f) A short grant contract will be issued stipulating the purpose of the award (to contribute towards the increasing costs of public liability, public liability insurance and public protection measures). A short evaluation form will accompany the contract.
- (g) A range of advice notes will be developed with the Third Sector Interface providing information (including signposting to support agencies) relating to:
  - (1) recent governance changes/options in Scotland;
  - (2) the Equality Act and the impact on the voluntary sector; and
  - (3) the services and support information of the Safety Advisory Group and the Events Team.

Festival Committees will be advised to review their risk assessments in line with this information.

### 8.3 Equalities

- (a) There is a risk to the Council in relation to the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.
- (b) As the Local Festival Grant Scheme has no control measures this, in itself, represents the equalities risk to the Council. As the Scheme has no control measures, no evidence is therefore held to assure the Council that its duty to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between protected groups and others is being met.
- (c) Within the Equality Impact Assessment (Appendix 3), all the protected characteristics of the Equality Act 2010 are therefore categorised as high risk. However, this is purely based on the Council not holding any relevant information on the Local Festivals we fund.

- (d) The mitigation measures detailed at Para 7 will help us to gather the information we need and review, understand and assess it in more depth. Gathering the relevant information will help us to re-assess the Council's equalities risks based on the actual up-to-date position of each Festival Committee.
- (e) A full EIA is attached as Appendix 3 and this will continue to be developed as the new processes are assessed in relation to how effectively they support the Council to minimise the risk.

**8.4 Acting Sustainably**

There are no direct economic, social or environmental issues within this report which would affect the Council's sustainability policy

**8.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

**8.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

**8.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

**9 CONSULTATION**

- 9.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and their comments have been incorporated into the final report.
- 9.2 The Corporate Equality and Diversity Officer has been fully consulted and her comments have been incorporated into the final report and the EIA.

**Approved by**

**David Cressey**  
**Service Director Strategy & Policy**

**Signature .....**

**Author(s)**

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**Background Papers:** Council Report January 2013, Appendices 1,2 and 3

**Previous Minute Reference:** None.

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jean Robertson can also give information on other language translations as well as providing additional copies.

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