

## Bath & North East Somerset Council

MEETING	<b>Cabinet</b>	
MEETING/ DECISION DATE:	<b>10<sup>th</sup> July 2019</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 3146</b>
TITLE:	<b>RULE 15 Loan Request from Bath Festivals</b>	
WARD:	All	
<b>LIKELY TO BE TAKEN IN EXEMPT SESSION</b>		
<b>List of attachments to this report:</b> Attachments – Appendix 1 EXEMPT due to commercial sensitivity		

### 1 THE ISSUE

- 1.1 Bath Festivals has approached the Council for a loan of £75,000 to enable them to continue to implement their new business plan and continue to operate. The organisation needs to raise £300,000 of which it has pledged for £210,000 through a Charitable Investment Bond. plus an offer of a loan of £25,000 from a Charitable Trust but only if Bath and North East Somerset Council agrees a £75,000 loan. Following an assessment of their financial position, the Council's Director of Finance has outlined that a more sustainable way forward would be to offer a one-off grant with conditions to support the group through the next three years. The conditions would enable B&NES to assist with improving the Festival's forward programming.

### 2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Approve a conditional once-off grant of £75,000 to Bath Festivals from the Revenue Budget Contingency to ensure that the Council can assist with improving the community reach and accessibility for residents of the Bath Festivals Programme, as well as the profitability of the programme.
- 2.2 The conditions to be agreed by the Chief Executive, in consultation with the Leader of the Council.

### **3 THE REPORT**

3.1 Bath Festivals have been actively promoting and running music and literary events. This year the following events have taken place or are planned:-

- (1) The Bath Festival
- (2) The Children's Literature Festival
- (3) Creative learning opportunities for children

3.2 Unfortunately their financial position has been deteriorating over the last few years and Bath Festivals intend to implement a revised three year business plan, which will include adding additional skills to the board, building corporate sponsors, and reviewing pricing. The Charity also decided to raise £300,000 through a three year Charity Investment Bond, which returns the capital sum plus 3% per annum rolled up interest to investors at the end of three years. Bath Festivals have raised £210,000 of this to date but there remains a £90,000 shortfall. Bath Festivals has asked the Council to invest £75,000 in the Bond with a further £25,000 being funded from a Charitable Trust but only if the Council provides the £75,000.

3.3 On assessing the financial position of the organisation, the Director of Finance has advised that a grant with conditions would be more appropriate. In discussions with the Leader of the Council and The Portfolio Holder for Resources the following conditions have been proposed:-

- 1) The Trust improves the community reach and accessibility for residents particularly in respect of concessions related to ticketing and choices of venues
- 2) A requirement that a Bath and North East Somerset Councillor is added to the board to be nominated by the Leader of Council.
- 3) The financial position has not deteriorated further than that outlined in this report;
- 4) The other pledges are received as set out in this report;
- 5) Bath Festivals reviews its staffing levels to minimise costs;
- 6) Bath Festivals to support the Council in taking action in support of the Plastic Free BathNES Pledge and the Climate Emergency resolution in events and festivals over the next year;
- 7) No bonus payments are made to Bath Festival staff;
- 8) Bath Festivals engages proactively with a Council commissioned review of Council funded destination services in B&NES, that will lead to the implementation of streamlined governance, reduced back office costs and improved marketing by events and destination management companies in the Bath area (e.g. Bath BID, Visit Bath)

## **4 RATIONALE**

- 4.1 As described in the report the Council has received a loan request from Bath Festivals to enable the organisation to continue to operate. This report considers the response to that request.

Council Constitution Urgency Rule 15 has been used for this report due to the urgency of decision to support Bath Festivals as closure would be disadvantageous to residents across the district.

## **5 STATUTORY CONSIDERATIONS**

- 5.1 All statutory considerations have been met.

## **6 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 6.1 The Revenue Budget Contingency has been set up to support any in-year unforeseen budget pressures during the financial year. The Reserve currently has an unallocated sum of £3.0m. The Council is facing severe financial pressures and this Contingency sum will be required for any undeliverable savings as well as pressures that may lead to budget shortfalls in year. Key current risks are currently the demand pressures within Children's Services and the pressure mainly in the retail sector affecting Commercial Estates.

## **7 RISK MANAGEMENT**

- 7.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## **8 CLIMATE CHANGE**

- 8.1 One of the conditions of the grant is for Bath Festivals to Support the Council in taking action in support of the Plastic Free BathNES Pledge and the Climate Emergency resolution in events and festivals over the next year.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 The Council could provide the loan of £75,000 but would need to consider whether it would be prudent and or legal to do so. The Council could do nothing as there is no current policy to give either loans or grants of this kind. Bath Festivals have been clear that they are highly unlikely to continue without this support while their new business plan is put in place, which would mean the cessation of festival activities.

## 10 CONSULTATION

10.1 The section 151 officer, Monitoring Officer and Chief Executive have reviewed the options available.

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<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	