

SURREY COUNTY COUNCIL**LEADER****DATE: 12 SEPTEMBER 2017****LEAD OFFICER: DAVID MCNULTY, CHIEF EXECUTIVE****SUBJECT: WATTS GALLERY TRUST AND 4 YEAR REVENUE FUNDING AGREEMENT 2018/19 TO 2021/22.****SUMMARY OF ISSUE:**

Watts Gallery Trust has requested funding of up to £100,000 pa for four years to match funding awarded to them under the Arts Council's investment programme.

G.F. Watts was a leading Victorian artist with major connections and associations with Surrey. Watts Gallery – Artists' Village (now owned by the Watts Gallery Trust) is a unique arts and crafts centre in the Surrey Hills and an important cultural and tourism asset of international standing for the county.

The Leader and Chief Executive have previously discussed with the Watts Gallery provision of strategic support to assist the development of the Artists' Village to enhance its profile as a leading heritage, arts and educational centre in Surrey and increasingly nationally.

Watts Gallery Trust has recently been awarded £100,000 pa for four years under the Arts Council's programme for support for National Portfolio Organisations and has approached the County Council with a request for time-limited revenue funding to match this grant. A programme of Heritage Lottery Fund support ends March 2018 and County Council match funding will enable the Trust to sustain and continue to develop its Art for All learning programme with schools and community and its programmes of work targeted to health and wellbeing outcomes.

The benefits for Surrey residents will include increased learning opportunities and enhanced wellbeing including for vulnerable young people and other marginalised groups, increased employment and business opportunities, strengthened cultural experience for the public, including local people who might never have visited museums, and a boost to place-making and local tourism.

RECOMMENDATIONS:

It is recommended that the Leader of the Council agrees:

1. That Surrey County Council will provide support of up to £400,000 – paid at a max of up to £100,000 per annum (pa) for each of four years - commencing April 2018, to the Watts Gallery Trust to enable the Trust to continue and further develop its work with schools and community, its learning programmes, and its programmes of work targeted to health and wellbeing outcomes ... where these are to the benefit of Surrey residents.
2. That the Director of Legal, Democratic and Cultural Services will finalise the terms of an agreement with the Watts Gallery Trust to enable the provision of the funding.

REASON FOR RECOMMENDATIONS:

The Leader and Chief Executive have previously discussed with Watts Gallery Trust various strands of support to assist the development of the gallery as an increasingly high profile and nationally important gallery and heritage attraction within the county. This request is for time-limited revenue funding.

The contribution of the Artists' Village to artistic excellence, lifelong learning and public health and well-being, has led to its national recognition by the Arts Council as a National Portfolio Organisation (NPO) (£100,000 per annum, from April 2018-2022). NPO funding will provide opportunities for the Artists' Village to develop predominantly new activities. However, at the same time, the Artists Village's funding from the Heritage Lottery Fund (HLF) ends in March 2018. The HLF funding helped grow the Art for All learning programme from 2,000 to a predicted 20,000 learners in 2017/8. Without additional investment into its infrastructure the Trust will not be able to sustain its core activities and their benefit to local residents.

At this critical moment, there is an opportunity for further investment from the County Council through match funding of the NPO grant. This four year investment would enable Watts Gallery Trust to champion its Art for All programme; to grow the annual numbers of residents benefiting from learning, days out, open days, community events and job opportunities; and to further deliver the County Council's strategic goals.

Surrey County Council's investment in the Watts Gallery – Artists' Village has helped deliver considerable social and economic benefits for Surrey and Surrey residents, with a predicted 20,000 local learners in 2017/18 including in-depth learning programme with marginalised people such as NEETS, offenders and those with poor mental health.

Investment would also enable the Artists' Village to support place-making via its 65,000 annual visitors and to strengthen its leadership of the Arts and Crafts Consortium and its contribution to Surrey's cultural strategy to boost economic prosperity.

The benefits for Surrey residents will include increased learning opportunities and enhanced wellbeing including for vulnerable young people and other marginalised groups, increased employment and business opportunities, strengthened cultural experience for the public, including local people who might never have visited museums, and a boost to place-making and local tourism.

The Watts Gallery - Artists' Village will be Surrey's fourth NPO.

DETAILS:

Background

1. Watts Gallery - Artists' Village in Compton is a unique Arts & Crafts centre situated in the Surrey Hills, which provides opportunities for visitors to explore the work of the eminent Victorian artists G.F. and Mary Watts in the place where they lived and worked, and engage in a wide range of activities, including workshops and practical demonstrations, which capture the Watts' commitment to Art for All. Watts Gallery Trust, which owns the estate, is an

arts and education charity. The Gallery itself is a Grade II listed building which has been transformed by a major £11m refurbishment and the profile of the venue has been enhanced by an increasingly dynamic outward focus over the last 10 years. The Gallery was reopened in 2011 and was a finalist in the Art Fund Museum of the Year Awards in 2012. In 2014, the Trust was given long term responsibility for the Grade I listed Watts Chapel and Grade II listed cemetery which also form part of the Village.

2. As a result of this transformation, Watts Gallery Trust's annual turnover has increased from £0.3m to £3.4m over the period, employment has increased from 3 staff to 41 FTE, and the number of volunteers assisting at the Gallery, for example as guides or stewards, has increased from a small handful to 336.
3. In recent years, with the assistance of SCC, the Watts Gallery Trust has secured the purchase of Limnerslease, the home and studios of G.F and Mary Watts and a Grade II listed building, which is situated near to the Watts Gallery and regarded by the Trust as the "final piece of the jigsaw" for the Artists' Village. It has been partially restored and developed and now provides studios, further gallery areas and a large learning space providing more opportunities for workshops and demonstrations for a whole range of different groups.
4. The Gallery attracts 65,000 visitors annually and has over 33,000 ticketed admissions. It hosts temporary historic and contemporary exhibitions, encourages young artists and stages concerts, readings and other live events. It supports research, trains interns and a trainee curator.
5. The average spend for a visitor to Watts Gallery- Artists' Village in the local area, i.e. not just at the site itself (including money spent in restaurants, pubs etc) is over £50.
6. In addition, Watts Gallery Trust plays a vital role in the local community, providing a focus and a meeting point as well as a centre for learning and enjoyment for over 300 volunteers, who are all provided with relevant training by the Trust.

Art for All

7. The Trust runs the Charity in accordance with the founders' philosophy of Art for All, i.e. with the aim of making arts accessible and inspiring to everyone. This is included in the Charity's objects.
8. Watts Gallery – Artists' Village benefitted from 3 year investment from the Heritage Lottery Fund to develop Watts Studios and the Artists' Village, including £435,769 specifically for its learning and public programme, the marketing for that programme and for its staff. This funding comes to an end in March 2018.
9. The funding enabled Watts Gallery Trust to test new approaches to learning and public engagement with impressive results. The Art for All programme reached 18,000 learners in 2016/17 in the year that Watts Studios opened, an increase of 16,000 since 2013. In 2017/18, 6,000 people benefitted from

activities in the first quarter, a 300% increase compared with the same period in the previous year. It is projected that the programme will reach 20,000 people in 2017/8.

10. The Trust's *Explore, Make, Play* programme for families is establishing Watts Gallery Artists' Village as a family learning destination. Its *Learning through Making* ethos for schools, young people, adult learners and community groups attracts full bookings for activities and 5 star ratings. The Artists' Village cultural and community signature events are established, with over 3,000 people attending each pilot themed weekend.
11. The schools' programme is over-subscribed. Through Delight in Watts it provides immersive arts experience for children in 4 primary schools where more than 40% of children are from low income families, using the power of art to improve children's literacy; it will work with 8 schools in the next 12 months. Through its participation in Learning On My Doorstep: the Trust is helping to address identified 'cold spot' areas of cultural engagement in Surrey; a recent presentation to 19 head teachers and senior staff from Surrey schools, with a total of 65 schools are expected to visit in 2017-18.
12. The Trust's *Big Issues* programme reaches socially excluded or vulnerable people including young offenders, those at risk of offending, those suffering mental health difficulties and prisoners. Participants learn art and design skills, how to express ideas and issues they care about and are given opportunities to exhibit and sell their work. In 2016/7, there were 883 participations. Each year, around 200 individuals exhibit their work.
13. The Council is already linked to this Art for All work through the attendance of young people assisted by its Youth Support Service, and the Family Support programme.
14. In April 2018 Watts Gallery - Artists' Village will become one of the Arts Council's National Portfolio Organisations. The Artists' Village will become Surrey's fourth NPO.
15. The ending of the time-limited funding from the HLF in March 2018 will hamper the growth, sustainability and service of the Art for All programme to Surrey residents.
16. Funding from the Arts Council demonstrates that the Artists' Village is now considered a major cultural influence, but the funding is for predominantly new activities, not for core activities. The Trust has proven demand and now needs seeks a substitute source of finance support so that it can meet this demand in future.
17. There is an opportunity for the County Council to match fund the NPO grant which would enable the social and economic benefits to residents to be sustained.
18. The Trust is seeking £100,000 annual investment towards the costs of sustaining and developing activities currently funded by the HLF seen in the table below. It can pledge £119,000 from its core funds and other investors.

| What | Projected Outcome | Cost |
|---|--|-------------|
| Learning Officer | Supports the Head of Learning to programme and deliver activities for schools, families and young people. | £25,000 |
| Learning Assistant | Supports the administration and delivery of the learning and public events programme. | £19,000 |
| Learning Assistant | Supports the delivery of the Adult Learning & Volunteers' programme | £19,000 |
| Explore, Make, Play! Family Events Programme | 7000 adults and children benefit from Holiday and Weekend Activities Programme benefits local families including early years work and attracts socially and culturally diverse audience through the Golden Ticket scheme for children in schools with high pupil premium. | £40,000 |
| Learning through Making Schools' Programme | 3500 school pupils take part in workshops, including 10 Surrey schools with high pupil premium. | £15,000 |
| Watts Academy Young People's Programme | 500 14 – 19 year olds benefit from Arts Award programmes, workshops, courses, youth panel, and the Summer school. These include young people disengaged from schools. | £10,000 |
| Adult Learning Programme | 8000 Adult Learners benefit from courses, volunteer-led guided tours and engaging local events. | £10,000 |
| The Big Issues Community & Outreach Programme | 1000 participations* through the Watts Social Enterprise programme called The Big Issues, which delivers artist led workshops in 3 Surrey prisons and to 8 Surrey charity community groups including Surrey Youth Support Services. (*Some participations are the same learners and some | £30,000 |

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|------------------------------------|--|---------------------|
| | are different each time.) | |
| Local and Signature Events | 5000 adults and children benefit from signature events and our participation in local community events. These attract new, socially and culturally diverse families. Activities are free with admission. | £15,000 |
| Equipment, materials and resources | Art Materials and Equipment for practical courses and events for all audiences and a new set of radios at £1000. | £16,000 |
| Marketing Activities | Quarterly flyer for families and distribution; schools leaflet; What's On Public Programme - design, print and distribution costs. | £20,000 |
| Total Cost | | £219,000 p.a |

Benefits for Surrey residents

19. Surrey County Council investment in the Watts Gallery – Artists' Village has helped deliver considerable social and economic benefits for Surrey and Surrey residents, with 18,000 local learners in 2016/17 and projected to reach 20,000 in 2017/8.
20. The Trust has a significant learning, outreach and engagement programme and works with schools, community and groups of individuals with specific mental health or other critical and difficult life conditions/ circumstances on programmes targeted to health, welfare and wellbeing outcomes. The Trust has a mission to reach more young people at risk of offending and engage a greater spectrum of communities and groups of vulnerable people.
21. The social impact and benefits of Watts Gallery Trust is documented in a 2017 report, and there is a similar report on the economic value - estimated at around £7.76m in value to the local economy - of the Trust to the county's tourist economy. In addition to creating a large volunteer cohort of over 300 volunteers it has :-

Enhanced wellbeing for 18,000 local learners, including 2,966 school children and 2,682 families

Supported social inclusion for marginalised people such as NEETS, offenders, and those with poor mental health and supported social enterprise through its annual selling exhibition. In 2016/7, there were 883 participations and each year 200 sell their work.

Delivered economic prosperity through generating apprenticeships, jobs, freelance opportunities, the development of the creative economy, the Artists' Village expenditure and visitor spend.

Enhanced resident experience through days outs, free admission for under - 16s and a programme of signature events and open days including reaching out to local people who might never visit museums.

Developed sense of local identity and place-making via 65,000 annual visitors.

22. The Artists Village is a free resource for Surrey's young people, with free admission for children and young people under 16.
23. An Area of Outstanding Natural Beauty, the 20 acres of the Artist's Village, including woodland adjacent to the Pilgrims Way, is of public benefit.
24. The Trust also supports local artists through its artist in residence programme and by providing events for Surrey Arts' artists network.
25. The contribution of the Artists' Village to artistic excellence, lifelong learning and public health and well-being, has led to their national recognition by the Arts Council as a National Portfolio Organisation (£100,000 a year, from April 2018-2022). NPO funding will provide opportunities for the Artists' Village to develop predominantly new activities – and a requirement for mentoring other museums / heritage centres each year – including working with the Surrey Museum Partnership.
26. The County Council sees great opportunities for partnership working in the future between Watts Gallery Trust and its Adult & Community Learning, Arts, Heritage and Library services. Opportunities to develop links with contemporary artists will support the creative industry sector of the local economy and help raise profile at national levels - the proposals for the associated learning and education programmes will help with audience development and opportunities to work in a multiplicity of cross-cultural, cross-sectoral and community partnerships. There is also the possibility of working with the Council on countryside ventures given the adjacent positioning of the Pilgrims' Way to the Artists' Village. The Artists' Village, in addition to being a key player in the artistic, cultural and visitor economies of Surrey has the potential to be an exemplar of sustainable cultural tourism and rural development.

A Boost for Surrey Tourism

27. Heritage is a key driver of tourism. "Investing in Success", the Heritage Lottery Fund (HLF) Tourism Impact survey completed in 2010, found that heritage tourism makes a contribution to the total output of the UK economy – as measured by gross domestic product (GDP) – of £7.4billion per year. This was a bigger contribution than that of many other, more visible sectors of the economy, including advertising, film, and even the car industry. The research was updated in 2013 which found that this amount had risen to £9.59billion per year.
28. The 2010 research found that spending by visitors within local economies is much higher than their spending at the heritage destination itself. Of every £1 spent as part of a heritage visit, only 32p is spent on site. The remaining 68p is spent away from the attraction itself, but as a direct result of visiting heritage, in restaurants, cafés, hotels and shops, for example.

29. Overall, the total amount of money spent within the local economy, by all visitors to the funded heritage attractions in the research, was found to more than double following the completion of an HLF funded project.
30. Heritage is also a significant reason for tourism to the UK from international visitors. Visit Britain refers on its website to the Anholt GfK Nations Brand Index, produced annually by collating the views of 20,000 people around the world. In the 2014 Index the UK is ranked 3rd out of 50 nations in terms of a “Tourism” brand, and 5th for “Culture”. Within the “Culture” element the UK’s “cultural heritage” is ranked 7th out of 50.
31. The Watts Gallery Trust’s tourism strategy is to create a distinctive and credible brand that challenges perceptions, stands out from the rest and represents the quality of the tourism product.
32. Public interest and recognition of G.F. and Mary Watts as hitherto under-appreciated nationally important artists has changed dramatically in recent years – and this, along with the concept of the proposal uniquely embodying his ‘simple and rural’ philosophy will ensure that Limnerslease will be a highly sustainable asset and artistic / cultural heritage visitor attraction and landmark site for Surrey that will celebrate a strong sense of place for the county.
33. Compton is a crucible of the Arts & Crafts movement, the only campus of listed Arts & Crafts buildings of this sort in the UK, and also the sole remaining artists’ house and studio from the 19th Century with its collection still intact.
34. The restoration of the Artists’ Village has supported place-making within Surrey and the Trust is helping lead the Arts and Crafts Consortium.

CONSULTATION:

35. The Leader, Chief Executive and Deputy Leader attended an event at the Artists’ Village 30 June 2017 when this matter was broached by both the outgoing Watts Director Perdita Hunt and her successor Alistair Burtenshaw. The Chief Executive subsequently met with the new Trust Director, Trust staff, and the council’s Head of Cultural Services on 31 July to discuss.

RISK MANAGEMENT AND IMPLICATIONS:

36. The Trust is financially secure and with good governance. Its sustainability will have been fully reviewed by the Arts Council as part of its process for assessing the credentials of any organisation to which it offers National Portfolio funding.
37. Any risks arising from any future failure of the Trust in any way are low – and in that event SCC funds under this agreement would cease. It is suggested that SCC funds would be paid annually in arrears – and on receipt of a comprehensive report detailing an analysis of expenditure, results achieved, and performance against mutually agreed targets.
38. As a condition of the council’s £1m grant to secure the purchase of the Limnerslease property SCC has a representative on the Limnerslease Management Committee to have oversight and safeguard the council’s

financial position (and to ensure compliance with the terms of conditions etc). This is a formal appointment as this committee is an SCC recognised Outside Body and it is proposed that either this post holder (or the relevant Portfolio Holder) and a senior manager from SCC would annually review the Trust's performance under this funding agreement.

39. Trust accounts indicate that the charity has total funds of £38.3m, receives support from a number of patrons and benefactors and generated income of £3.4m in the year ending 31st March 2016 from investments, admission fees and donations.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

39. The Watts Gallery have requested £100,000 pa for four years from April 2018 as match-funding against their recent successful award from the Arts Council's latest programme for support for National Portfolio Organisations.
40. This additional / match funding is not a condition or requirement of the award of the NPO grant but it will sustain the gallery when an HLF funding stream ends March 2018.
41. This offer of financial support is not budgeted for and would be an additional item for the current MTFP.
42. The Watts Gallery has previously received a £1million grant from SCC to secure their ownership of Limnerslease – a legal charge is in place and SCC can recover the funding should the Trust sell the property or significantly change the usage. At the time of the Leader decision to make the £1m grant in Nov 2015 the Trust projected that the total visitors to Watts Gallery – Artists' Village including paid, learning users and casual visitors would be 110,000 by 2018/19. Currently the total is 60-65,000. The Trust (Leader Decision June 2016) also has the facility to borrow up £140,000 from SCC to assist with cash flow relating to the Physical Energy sculpture project. This is a two year term – and is secured against the Trust's financial assets.
43. To avoid triggering State Aid issues it is proposed that the £100,000 pa specifically supports the Explore, Make and Play; Learning through Making; and Watts Academy Programmes; Total £65,000 with the £35,000 balance supporting the staff costs for the Learning Officer and the two Learning Assistants. It is considered that these programmes deliver the best direct benefit for Surrey residents.
44. However, as there might be opportunities for the Watts Gallery to attract other funders to support (at least in part) these preferred specific programmes, and to avoid double funding, SCC funding may also support elements of other programmes that similarly have benefit benefits for Surrey residents. No more than 35% of SCC funding to be spent on direct staff salary costs.

SECTION 151 OFFICER COMMENTARY:

45. The County Council is facing a very serious financial situation, whereby there are still substantial actions required to achieve a balanced budget in the current year and a sustainable budget plan for future years.

46. The proposed financial contribution to the Watts Gallery (£100,000 per year for four years) is not included in the council's current financial plan. Agreeing the recommendation will therefore worsen the council's financial position, requiring additional funding or compensating savings to be identified.
47. Moreover, the Section 151 Officer also notes that the Watts Trust is financially viable - with support received from a number of patrons and benefactors and gross income in 2015/16 of £3.4m. The Trust has total funds of £38.4m, of which £1.2m is in unrestricted funds, £9.6m in restricted funds and £27.5m endowment funds, which includes the value of its artworks and buildings. The proposed contribution is in addition to sums previously agreed and outlined in paragraph 42.

LEGAL IMPLICATIONS – MONITORING OFFICER:

48. Section 14 of the Public Libraries and Museums Act 1964 provides a power for the Council to make contributions towards expense incurred by any person—
- (a) in providing or maintaining a museum or art gallery in any place within England or Wales, or
 - (b) in providing advisory or other services or financial assistance for the benefit of a museum or art gallery in any such place.
49. In addition s111 of the Local Government Act 1972 enables the Council to do anything that is conducive or incidental to the discharge of any of its functions, and s1 of the Localism Act 2011 provides a general power of competence for the Council to do anything which individuals generally may do.
50. Provision of funding by the Council to assist the Watts Gallery in the way intended by this report is therefore permitted by law, provided that the Council operates within the usual boundaries of public law, including any state aid requirements. The Council's funding is being given specifically to support elements of the Trust's core activities which fulfil social and cultural purposes (that are non-economic in nature) and as such the state aid rules are not engaged.
51. The funding arrangements will be formalised by a legal agreement between the Trust and the Council, in accordance with the terms set out in this report. It will be finalised by the Director of Legal, Democratic and Cultural Services, acting on behalf of the Council.

EQUALITIES AND DIVERSITY:

51. The public sector equality duty (section 149 of the Equality Act 2010) applies to the decision to be made by the Leader in relation to this report. There is a requirement when deciding upon the recommendations to have due regard

to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups, and eliminate any unlawful discrimination.

52. The impacts arising for protected groups as a result of this investment are positive, given that this funding will ensure ongoing provision and development of these facilities.

53. Specifically, the positive impacts for protected groups will include the increased provision of learning and skills opportunities for people of all ages including for children and young people, those with mental health difficulties which may include disabled people and those with learning disabilities, and vulnerable women, particularly victims of domestic violence, lone parents and women prisoners.

54. Access for disabled people has been built into the brief for all the development projects at Watts Artists Village, the Watts Studios and the Limnerslease project. These include:

- lift for disabled people, between floors
- hearing loop provision
- good physical access route routes - including a path through the woods which is fully accessible for those with mobility difficulties
- good provision of car parking spaces for disabled people near the entrances
- volunteers trained in disability awareness
- the development of sensory and audio trails through the woodland and through the museum spaces

OTHER IMPLICATIONS:

The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

| Area assessed: | Direct Implications: |
|--|--|
| Corporate Parenting/Looked After Children | The work done with the Youth Support Service and with schools may include looked after children. |
| Safeguarding responsibilities for vulnerable children and adults | The Trust will continue to be able to provide opportunities for young people at risk of offending, those assisted by the Youth Support Services and families included in the Family Support programme. It will also provide opportunities for some groups of vulnerable adults to participate in activities run by the Gallery |
| Public Health | The activities available at the Artists' Village will particularly promote and enable emotional health and well- |

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| | being for both attendees and for volunteers. There are possibilities of working with the Council to promote walking on the Pilgrims' Way which runs alongside the Village. |
| Climate change | No significant implications arising from this report |
| Carbon emissions | Whilst the increased numbers of visitors may result in additional car journeys to the area, the Trust is working with the Compton Parish Council and Village Association to further develop the use of the community bus service "Compo" to increase the availability of public transport to the venue. |

WHAT HAPPENS NEXT:

55. The Director of Legal and Democratic and Cultural Services will finalise the detailed arrangements and terms and conditions of the agreement (including the agreement of annual performance / service delivery targets – and their monitoring), and the regime for payments to the Trust.

Contact Officer:

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Consulted:

Leader
Chief Executive
Director of Legal and Democratic Services
Director of Finance
Head of Cultural Services

Sources/background papers:

- Watts Gallery- The Annual Report 2015/16
- Art for All, Inspiring, Learning and transforming, a report by Dr Helen Bowcock on the social impact of Watts Gallery – Artists' Village
- "Investing in Success"- the HLF Tourism Impact Survey 2010
- "The Economic Impact of the UK Heritage Tourism 2013" – Oxford Economics