

Forward Plan reference number: FP/166/06/23

Report title: Donation to Essex Community Foundation to establish a Music Fund	
Report to: Councillor Tony Ball, Cabinet Member for Education Excellence, Lifelong Learning and Employability and Councillor Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance	
Report author: Helen Lincoln, Executive Director for Children and Families and Education	
Date: 14 August 2023	For: Decision
Enquiries to: Music Service Lead Officer Peter.Lovell@essex.gov.uk	
County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1. Everyone's Essex, our organisation strategy, sets out four strategic aims and 20 commitments for Essex County Council to deliver over the next 4 years. The proposals in this report will make an important contribution towards the Council ensuring young people have local access to high quality music making which will support the Council's agenda for levelling up musical opportunities for all young people across Essex.
- 1.2. It is proposed that the Essex Music Service donates £50,000 to an external charity which will set up and manage a Music Fund in order to support young people to access music provision outside of school settings. Local music provision is a vital part of any successful community and the proposals in this report will be accessible to every local community across Essex.

2. Recommendations

Chancellor for Essex and Cabinet Member with responsibility for Finance

- 2.1. Agree to the drawdown of £50,000 from the Traded Music Reserve to provide the funding to establish a charitable music fund.

Cabinet Member for Education Excellence, Lifelong Learning and Employability

- 2.2. Agree to donate £50,000 to Essex Community Foundation to establish a charitable Music Fund which will support young people to access music provision outside of school settings.

3. Background and Proposal

- 3.1. Music provision is a statutory requirement within the national curriculum for schools but not a statutory duty for local authorities. Excellent music education opens opportunities, but it is not simply a means to an end: it is also an end in itself. It gives children and young people an opportunity to express themselves, to explore their creativity, to work hard at something, persevere and shine. These experiences and achievements stay with them and shape their lives. In order to support music education, the Council does all it can to enable provision of high-quality music education for every child across Essex including complying with the non-statutory guidance “National Plan for Music Education” which was published in June 2022.
- 3.2. Essex Music Service (EMS) is a service run by the Council, providing a range of services to over 400 schools across Essex as well as running community music centres within each district of Essex to support the wider access and progression of music.
- 3.3. The Council receives grant funding to support its work and provision for young people which funds the activities delivered by the Essex Music Education Hub (Hub) set up in accordance with the National Plan for Music Education. The Council is the lead partner in the Hub. A Music Hub is a concept organisation encouraging the coordinated efforts of all organisations and individuals involved in the delivery of music education to work together to strengthen the outcomes for young people. Essex being the lead partner has the responsibility to ensure the funding allocated is used to achieve the outcomes of the national plan for music and we currently work with around 40 partners who each are recognised as making a valued contribution to the delivery of music education and we sign post young people to their work, occasionally deliver work in partnership together or use the DfE grant funding to make their work more accessible financially.
- 3.4. Approximately 47% (£1,947,817) of the Hub funding comes from the Department for Education and is administered by Arts Council England with the remaining 53% of funding coming from EMS fees and charges and contributions from other Council functions. The Department for Education has committed to fund music hubs until 2030 but at this date, the exact grant funding levels for the Hub have not been confirmed. There is no anticipation that there will be any inflationary or monetary increases until the next review in 2030, which means the grant income is going to be under increasing pressure through the next 7 years.
- 3.5. Essex Music Service uses the funding from the Department for Education via the Arts Council both to subsidise all services offered to customers and provide targeted discounts to young people who come from low-income families or are in receipt of a type of benefit from the Government. EMS also provides a free to access provision for Looked After Children (in foster care) and Post Looked After Children (adopted from care) which is financed through the Essex Virtual School.
- 3.6. The targeted discounts are provided to young people who meet the clear criteria that has been set for this purpose. The vast majority of the DfE funding is used to provide instrumental learning within schools and communities settings within Essex.

3.7. The National Plan for Music Education outlines several core and extension roles which the Hub is required to deliver using the grant funding in particular:

- Ensure that every child aged 5-18 has the opportunity to learn a musical instrument (other than voice) through whole-class ensemble teaching programmes for ideally a year (but for a minimum of a term) of weekly tuition on the same instrument.
- Provide opportunities to play in ensembles and to perform from an early stage.
- Ensure that clear progression routes are available and affordable to all young people.
- Develop a singing strategy to ensure that every pupil sings regularly, and that choirs and other vocal ensembles are available in the area.
- Offer CPD (Continued Professional Development) to school staff, particularly in supporting schools to deliver music in the curriculum.
- Provide an instrument loan service, with discount or free provision for those on low incomes.
- Provide access to large scale and / or high-quality music experiences for pupils, working with professional musicians and / or venues. This may include undertaking work to publicise the opportunities available to schools, parents/carers and students.

3.8. In order to supplement the work undertaken by via the Hub, it is now proposed that the Council donates an irrevocable gift of £50,000 to Essex Community Foundation (the Foundation) via a fund agreement to set up the Essex Music Fund (the Fund). Essex Community Foundation is a charitable body which acts as an umbrella organisation for a large number of charitable funds. The purpose of the Fund will be to support voluntary and community organisations which are enabling young people to engage with music in Essex, Southend and Thurrock – this will support young people across the County access suitable and relevant music provision within the community. It is proposed to draw down £50,000 from the Traded Music Reserve to fund the donation.

3.9. Essex Community Foundation has been identified to lead on this as the Foundation has been established for over 25 years. They have in excess of 160 funds under their management with an endowment value of £43m A link to its “Guide to Giving” is set out in section 9 of this report. The Foundation has a strong history of managing funds efficiently and already manage several funds on behalf of Essex County Council. It is regulated by the Charity Commission and has strong governance in place. In managing this fund, Essex Community Foundation will be able to support in the growth of the fund from its initial investment as well as review the use of the other funds they manage to identify additional financial support that can support the ongoing music provision across our county.

3.10. It is proposed that The Council will enter into a fund agreement which will set out that:

- The Foundation will set up and manage the Essex Music Fund which will be a fundholder advised fund. The Foundation charge an annual management fee of 2% for endowments up to the value of £100,000.
- The Council will be the named fundholder as the initial investor to the Fund.
- The Foundation will invest the funds they manage and use the returns on their investment to fund activity.
- Foundation trustees (which will not include the Council) will hold, manage, and invest the Fund in compliance with its charitable objects and investment policy and grant awards in accordance with its grant making policy.
- The Foundation will be responsible for reporting all financial management to HMRC.
- The Foundation will provide a report on an annual basis to detail how the funding has been used, the outcomes that have been achieved and will provide annual reports on the current growth of the fund.
- The Council will be an advisor on the advisory panel which may assist with making recommendations on the grant awards proposed by the Foundation in accordance with the purpose of the fund. As an advisor, the Council can help to identify clear priorities on a yearly basis based on analysed data of engagement from across the county to identify areas and groups of young people that need further financial support. EMS can therefore ensure that funding supports particular areas of need, rather than replicates the Hub grant funding.
- Foundation trustees will have the final say on the percentage of the Fund available for distribution each year and approval of all grant awards including all priority areas.
- ECC will not be able to reclaim its funds, which will have been irrevocably donated to charity.

3.11. The Foundation has a wealth of experience of managing investments to strong outcomes, and also growing the total amount invested through engagement with a large audience of private donors. Through working together to build up the capital in the fund, this will provide more finance to invest on a yearly basis across Essex, providing sustainable delivery models which rely less on the Hub grant.

3.12. Establishing this Fund will provide the Council with the ability to increase the support and giving from private donors to support young people to access music education. This Fund would provide donors with the means to make donations either for specific projects or to support our work to reach vulnerable and disengaged students through music.

3.12.1 The Council will need to enter into the fund agreement once this decision is taken to give effect to the matters set out in this report.

4. Links to our Strategic Ambitions

4.1. This report links to the following aims in the Essex Vision:

- Provide an equal foundation for every child
- Strengthen communities through participation

- Develop our County sustainably
- Share prosperity with everyone

The proposals will support positive outcomes by enabling targeted resources towards young people from low-income families, disadvantaged backgrounds, children with Special Educational Needs or Disabilities and would help to raise aspirations and ensure that music provision remains accessible for all young people, which is a key priority for Essex Music Service.

- 4.2. Approving the recommendations in this report will have a negligible impact on the Council's ambition to be net carbon neutral by 2030.
- 4.3. This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':
- A strong, inclusive and sustainable economy
 - Health wellbeing and independence for all ages
 - A good place for children and families to grow

5. Options

5.1. Option 1: To donate £50,000 to Essex Community Foundation (a charity) to establish a Music Fund to be administered by the charity (recommended)

This option will allow for the charity to administer the Music Fund in a way which will support and provide a sustainable provision of music within communities across Essex. The option provides an opportunity for the Council to ensure that funding used by the charity complements the provision by the Council and the Hub. This will help the Council and the Hub to continue to focus on reaching those with greatest needs. The charity is also best placed to raise the profile of the Music Fund to a wide audience of investors – the charity has historical success at growing funds through further private investors which is not an option the Council is able to deliver itself.

Given the specialist nature of the proposed Music Fund and the nature of the charity's expertise and experience in investing, fundraising and awarding grants, a competitive process is not proposed as there are no other bodies known to the Council who could enable these grant awards to supplement the Essex Music Services offering.

5.2. Option 2: Do nothing – do not set up a Music Fund and continue to fund music provision via in-house Essex Music Service only (not recommended)

The Council and Hub are not able to provide the specialist expertise to invest and create a return on a relatively small investment and/or attract further investment which the Essex Community Foundation has a track record of doing.

5.3. Option 3: Council to set up its own charity to deliver the investment in music opportunities (not recommended)

The Council could establish its own charity to produce the same benefits and outcomes as the Essex Community Foundation. Currently, there is no funding, capacity or staff within the Council or the Hub to oversee and manage a charity. It is highly unlikely that the costs of any new staff could be offset by the charitable donations. The approach of using funding to fund running costs rather than invest directly in frontline services is not likely to receive significant financial donations.

6. Issues for consideration

6.1. Financial implications

- 6.1.1 The donation of £50,000 will be granted to Essex Community Foundation to set up a charitable trust to support music in the community. The donation is in the form of a grant and complies with the Council's Financial Regulations. The donation will be funded through a drawdown from the Traded Music Reserve. The current balance of the reserve is £285,000.
- 6.1.2 In 2022/23 Music Services contributed £24,000 to its Traded Music Reserve and £33,000 in 2021/22. These contributions are after the annual £4,000 appropriation to Essex County Revenue account. It is expected Music Services will deliver a small surplus in 2023/24.
- 6.1.3 The £50,000 contribution to set up the charitable fund will be in the form of a non-refundable endowment that Music Services will not be able to withdraw in the future. The contribution will be invested by Essex Community Foundation with the objective of generating an annual financial return that can be distributed to charitable and community organisations within Essex that fit with the objectives of the fund. Essex Music Services can opt to act as an advisor during the grant allocation process. The intention of the fund is for it to act as a permanent community resource that charities and voluntary groups with needs that align to the objectives of the fund can benefit.
- 6.1.4 In addition to the initial investment, the fund is open to the public to make charitable donations and thereby growing the overall level of funding for investment with the aim of generating greater returns to be distributed as grants. Essex Music Services can undertake fundraising activities for this purpose and make further contributions in the future, subject to further governance.
- 6.1.5 Essex Community Foundation charge an annual management fee of 2% for endowments up to the value of £100,000. Endowed funds on average provided a return of 5% to be invested in 2022/23. However, the percentage value of the endowed fund is not guaranteed and will depend on the investment performance of endowed funds. Based on these percentages the cost of the fund and amounts to be distributed would be as follows:

Fund Value £	Value of fund to be distributed in grants (5%) £	Management Fee (2%) £	Net Value of grants to be distributed £
£50,000	£2,500	£1,000	£1,500

- 6.1.6 The initial investment by Essex Music Services is to act as a seed investment with the long term intention for the endowment to increase in size through fundraising activity leading to the possibility of greater returns to be distributed to charitable and voluntary organisations. This will be a permanent benefit to the Essex residents.
- 6.1.7 The charitable fund and any fundraising activity will not impact on Music Services trading activity and nor will the grant allocation process look to fund activity that would otherwise be funded through Essex Music Services business as usual activity. The outcomes from the grant giving process to organisations in the community will complement the work undertaken by Essex Music Services that would otherwise not be funded.

6.2. Legal implications

- 6.2.1 The Local Government Act 1972 empowers the Council to give money to charity

7. Equality and Diversity Considerations

- 7.1. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful.
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3. The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8. List of Appendices

8.1. Appendix A - Equalities Comprehensive Impact Assessment

9. List of Background papers

9.1. Essex Community Foundation: Guide to Giving.

I approve the above recommendations relating to my portfolio set out above for the reasons set out in the report.	Date
Councillor Tony Ball, Cabinet Member for Education Excellence, Lifelong learning and Employability.	22/09/2023
I approve the above recommendations set out above for the reasons set out in the report.	15/08/2023
Councillor Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance	

In consultation with:

Role	Date
Helen Lincoln, Executive Director for Children, Families and Education	18/09/2023
Executive Director, Corporate Services (S151 Officer)	26/07/2023
Stephanie Mitchener on behalf of Nicole Wood	
Director, Legal and Assurance (Monitoring Officer)	14/08/2023
Paul Turner	