

# 3

## Funding Your Festival

*by Paul Kelly*

After reading this chapter you should:

- Understand potential sources of funding
- Understand different motives of different fund givers and investors
- Understand the basics of strategic fundraising
- Understand where to find potential funders

### Introduction

Every organisation needs money to get going, and this includes non-profit ventures. The reasons why they need it may vary, as may the sources. To get a venture off the ground it generally needs 'start-up funding', whether it be borrowing £50 off your auntie to pay for the costs of printing some flyers, or maybe setting up a limited company, or borrowing £250,000 from a bank or financial institution to open several shops and an office. Whichever it is, you will have costs. So, unless you have a large sum of cash lying idle, you will need to find a way of raising money to get things started.

Another reason for needing cash is if you know your venture, be it a new festival or a community arts venture, will not generate enough box office or other earned income to cover its costs, meaning you will be making a loss from the outset. In this case, if your project meets a well-articulated social need you will be able to make a case for start-up funding and money to cover its running costs. How you make the funding approach very much depends on your festival's ethos and its legal structure. We covered the first of these in Chapter 2 and the legal issues are covered in more detail in Chapter 6. This chapter will give you the framework that ties together your festival objectives, its legal structure and the potential funding sources as well as some of the techniques you will need for raising that all-important cash.

This chapter focuses mainly on fund-raising for not-for-profit or social enterprise festivals. The principles of persuading donors or bodies like an Arts Council are not that different from those of persuading commercial

investors, other than that the return you would promise commercial investors would be financial rather than social or artistic objectives. The chapter starts by looking at those differences.

## What is funding?

You need money but the first thing you actually need to know is about language. If you have a profit-making ethos then the word you use isn't 'funding', it's 'investment'. You need investment to get started and you will need further investment to grow. What banks, social entrepreneurs and venture capitalists want to see and be assured of is '*return on investment*' – ROI. They invest in ventures that they see have the potential to be both financially successful and to grow – the word 'scalable' is often used. That means can you turn a cottage industry with two or three people and a bright idea, into a business manufacturing thousands of units or attracting thousands of people.

If you are a non-profit venture, or a charity, then you talk about 'funding'. It's money that doesn't come back, at least not as money. Your ROI is social or creative and can be harder to articulate. The outcomes are, in the short term, very visible – like smiling faces – but they are very difficult to measure in tangible and what is called 'longitudinal' terms, i.e. change over a period of time.

So, it's important to know what your business ethos and motivation are, as these will affect how you will pitch your case, the tools and approach you will need, who you will be pitching to and the language you need to use to persuade them. And regardless of whether you are intending to become a commercially-oriented festival with a turnover of millions or an arts or socially-focused festival running on a few thousand, you are very likely to be pitching to someone for your money.

### Industry example: Funding festivals

Within festival organisations there are many budding great ideas and fantastic arts projects, exhibitions, workshops, performances that will transform lives, that will challenge, that will create a spectacle lasting long in the memory. The reality for most cultural organisations however is that this activity cannot happen without financial support, and that this becomes increasingly difficult with increased budget pressures on Local Authorities and other funding agencies. A project may find funding to get it started, but how do these become sustainable year on year? This is particularly an issue for festivals.

Unfortunately, there isn't a simple formula to solve this, however at ArtReach we have gained some experience in achieving funding for various projects and helping others to do so as well. Most arts organisations today are having to gain considerable experience in fundraising and finding creative ways to continue to cover the costs of their activity.

Having worked within a local authority context previously I am very aware of the challenges in public funding for cultural organisations, and that for many Local Authorities tough budgeting decisions are having to be made. The other side of this however is that many forward-thinking councils recognise the immense value of arts, heritage and culture in contributing to the local economy both directly and indirectly, and that they are an essential part of the solution to declining budgets. This in particular can be seen through the use of city centre festivals as highly visible activity animating urban public spaces, and there are clearly opportunities for cultural organisations to contribute.

*Night of Festivals* was created by ArtReach in 2010 and has since seen 17 versions being presented in various cities and towns including London's South Bank, Leicester, and Hounslow. The festival is able to support the wider economic aims of local authorities through helping to attract visitors and promote inward investment. Though this may not always result in a financial council contribution to the festival, they may be able to offer in-kind support such as the free use of a public space, officer time in providing advice and contacts, and promotion through their online networks to help the events to happen. It's important to be realistic about the contributions a council can make, but where there is a financial contribution, even if only relatively small, it has been vital in levering considerably more in additional funding from other sources such as Arts Council England.

For many reasons it is important to develop strong partnerships in delivering our festivals: they add value to programming; they help in engaging local audiences; but are also important in strengthening funding bids and widening the type of funds that can be applied for. For some of the festivals we deliver it may be that a community or Higher Education partner is in a position to apply for a fund that we are not able to access, but may link with a project that will contribute activity to the festival. For example, it may be that an artist is able to apply for funding to develop new work and expand their practice, and the work is able to be showcased at the festival.

The importance of partnership working can be seen in one of the festivals ArtReach directly manages, *Journeys Festival International*, which showcases the work of exceptional artists from the refugee and asylum seeker community and explores refugee experiences through great art. There are many cultural and community partners across all three cities in which the festival is delivered (Leicester, Manchester, and Portsmouth). Though there is some short-term core funding for the festival, there is still a considerable amount of project fundraising each year in which ArtReach works with its partners in order to keep developing the festival and producing its high-quality programme.

There is also the potential of linking with other festivals or venues all contributing from their budgets to commission new work. This has been successfully done with Outdoor Arts through consortiums like Without Walls which brings together a number of festivals to maximise resources in enabling the creation of new work, and may well offer a potential route to support the sustainability of festivals in the future.